

the Gold

has done no acting. Satter believed the same conclusion in "Cine"...

In contrast, with the exception of "Butcher Boy," Europe's offerings...

For the official competition, Gme offered only "The Big Mambo," a...

In the "Cine" section, "Satter"...

Harvard's Rusty Pudding Club...

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Michelle Kwan, left, silver medalist, congratulating Tara Lipinski on her winning performance Friday. Lu Chen of China took the bronze.

Lipinski's Ode to Joy

U.S. Star Makes Olympic History at Age 15

By Amy Shipley
Washington Post Service

NAGANO, Japan — A 15-year-old girl wearing blue sequins, infectious smiles and ice skates took a sport that lately has been criticized for its predictability and carried it to the heights of competition.

Tara Lipinski became the youngest Olympic gold medalist in figure skating history Friday night, using a joyful performance to score an upset of her compatriot Michelle Kwan, who won the silver, at the White Ring arena.

In a women's singles competition defined by drama and good sportsmanship rather than by predetermined outcomes or controversy, it was fitting that all three medalists — including Lu Chen of China, the surprise winner of the bronze — were overcome with emotion and wept as they took their bows.

Lipinski, two months younger than Sonja Henie was when she won the Olympic gold medal in 1928 at 15 years and 10 months, took off running elatedly after striking the finishing pose in her program. Lipinski also grabbed her head, stomped a foot and shook her fists as flowers and stuffed animals from the crowd rained on the ice.

"I went out and had a great time," Lipinski said. "I didn't think about winning. I didn't think about beating anybody. I didn't want to come off the ice disappointed. I was so relieved to

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Annan Is 'Reasonably Optimistic'

UN Chief in Baghdad For Last-Ditch Talks, Beginning With Aziz

BAGHDAD — Kofi Annan, the United Nations secretary-general, flew into Baghdad on Friday and said that he had a "sacred duty" to try to defuse Iraq's standoff with the UN over weapons inspection.

Mr. Annan faced the task of persuading Iraq to give UN inspectors enough freedom to satisfy the demands of the international community and so avert an onslaught from the biggest U.S. strike force assembled since the Gulf War against Iraq in 1991.

A spokesman for the secretary-general said that Mr.

For the Arab world, talk of 'collateral damage' sums up the poverty of U.S. policy. Page 7.

Annan had been encouraged by Iraq's cooperation with a UN technical team that mapped eight so-called presidential sites earlier this week.

"The secretary-general sees the level of cooperation that the government gave to the technical team as significant, so in a sense we are off to a good start," said the spokesman, Fred Eckhardt.

Mr. Annan was met at Baghdad's Saddam International Airport by the deputy prime minister, Tariq Aziz, and the foreign minister, Mohammed Said Sahhaf.

"I hope I will leave Baghdad with a package that will be acceptable to all," Mr. Annan said. "I'm reasonably optimistic that we will find a peaceful solution."

Mr. Aziz said: "We are going to enter into constructive discussions about the current situation and I share the optimism of the secretary-general about the outcome."

"Iraq wants a balanced and fair solution that preserves the sovereignty, dignity and national security of Iraq as well as the implementation of UN resolutions,"

A UN official in Baghdad said that Mr. Annan would begin talks with Mr. Aziz on Saturday morning and that an appointment with President Saddam Hussein would be scheduled if the initial meetings went well.

While Mr. Annan's advance team and other UN officials assume such a meeting will take place, they are being cautious about details.

Changing his plans to leave Sunday night, Mr. Annan will stay until Monday to discuss Iraq's oil-for-food deal with the UN, a spokesman said.

Also Friday, Secretary of State Madeleine Albright advised the families of U.S. officials to leave Israel and Kuwait, which might be targets for reprisals by Iraq.

The United States has not received "intelligence of an imminent threat" against Kuwait or Israel by Iraq but is advising Americans to leave to ease their "anxieties," said the State Department spokesman, James Rubin.

He said there was only a remote possibility that Iraq would react to U.S. bombing by attacking Israel or Kuwait.

Mr. Annan continues to say that he is guardedly

See IRAQ, Page 7



Kofi Annan, head of the UN, being greeted Friday in Baghdad by Deputy Prime Minister Tariq Aziz.

Tokyo's Stimulus Plan Falls Flat

'A Lot of False Hopes' in Trying to Revive Economy

By Sheryl WuDunn
New York Times Service

TOKYO — Japan's governing party announced Friday a series of economic measures aimed at bolstering Asian economies, but it failed to take the dramatic steps to energize its domestic economic growth that the United States and other countries had urged.

Analysts said the actions would provide a modest lift for Asia, but many said they fell short of what was needed at home. Japan's reluctance to stimulate domestic demand could cause an awkward confrontation with the United States and other nations.

Investors and financiers had in recent weeks been hoping the government would pour more money into programs that would enliven the Japanese economy, but they were disappointed when the package did not include major outlays.

The only significant economic support was in the form of \$2.36 billion in emergency loans to Asian economies, a move that seemed aimed at answering criticism that Japan had not been doing enough to help out its neighbors.

"People were just hoping against hope that they

would throw in a bone," said Peter Morgan, an economist at HSBC Securities Japan Ltd. "There were a lot of false hopes."

American officials have been particularly critical of Japan's reluctance to take more aggressive steps to stimulate its economy, and on Thursday, Treasury Secretary Robert Rubin suggested that tax cuts should be considered in Japan. The government here had urged.

Japan could get a chilly reception at the Group of Seven meeting this weekend. Page 9.

has already announced a one-time income tax cut worth \$15.7 billion, but there have been calls for that to be extended on a more permanent basis.

Finance ministers from the Group of Seven are meeting this weekend in London, and the stagnant Japanese economy is likely to be a major topic of discussion.

Plagued by economic stagnation, a banking crisis and a series of corruption scandals, Japan is trying to push its economy forward, while spending as little

See JAPAN, Page 5

Experts Invited by Iraq Back UN Claims on Weapons

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — Two groups of experts from nine countries have endorsed recent claims by the United Nations that Iraq could have a clandestine stockpile of deadly chemical arms and has not met key requirements for disclosing all data on its weapons of mass destruction.

The experts reached their conclusions after holding seminars in Baghdad earlier this month at the request of the Iraqi government, which apparently expected that the panelists would endorse its claims to have eliminated all its chemical arms and ballistic missile warheads.

Instead, the panelists have lent fresh support to the notion that the task of inspecting and eliminating Iraqi weapons of mass destruction is far from over. That contention has formed the backbone of U.S. and allied demands that Iraq allow unfettered access to UN inspectors, as provided for in a 1991 resolution by the Security Council, a demand that Iraq is refusing to meet.

The panels did two things, said Charles Duelfer, deputy chairman of the UN Special Commission for the arms inspections. They demonstrated to a wide range of international experts the depth and seriousness of the problems that remain to be resolved. Secondly, during the course of the work in Baghdad,

there were some new questions raised about the information that Iraq has already provided.

He explained that in particular, "there is more uncertainty now about the quantity and disposition" of the missile warheads Iraq made to carry poison gases and germ weapons.

One of the panels was convened to assess an Iraqi claim that its scientists never produced a large quantity of the nerve agent VX because of technical difficulties at its poison gas factories. In its report, which was sent Thursday to the Security Council, the panel called the Iraqi claim "not credible" and without "technical

See WEAPONS, Page 7

Sinn Fein Is Suspended From Talks for 2 Weeks

Adams Urges Calm After British-Irish Move

By James F. Clarity
New York Times Service

DUBLIN — The Irish Republic and Britain on Friday suspended Sinn Fein, the political wing of the Irish Republican Army, from the Northern Ireland peace talks.

The two governments, sponsors of the talks, in an obvious move to fend off violent reactions to their decision among Roman Catholics in the British province of Northern Ireland, said the suspension would last only until March 9. The talks will proceed Monday in Belfast without Sinn Fein.

Gerry Adams, Sinn Fein's leader, called for calm among his supporters.

The decision came despite Sinn Fein's insistence, in a court action in Dublin, that they were being unjustly treated — that the governments failed to prove their charge that the IRA had been responsible for the killing of two civilians in Belfast last week.

"They're out," said Tim Pat Coogan, author of several standard works on the IRA, adding, in a reference to Mr. Adams that "until they get back, the peace process will not only not be Hamlet without Shakespeare. This hasn't helped the peace process, but I don't think it will kill it."

The expulsion of Sinn Fein produced a political theater of the absurd.

The spectacle recalled a television sitcom, now being shown in Ireland, in which a visiting British colonial official at the turn of the century is repeatedly baffled by the polite but deviously clever Irish.

In the current peace talks scenario, the hero of the sitcom is played by Mr. Adams. The English official is Mo Mowlam, the British secretary for Northern Ireland.

Mr. Adams, who had been expecting

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White House Hazard: Huge Legal Bills

Some Aides Find Working for the Clintons Is an Expensive Proposition

By Adam Nagourney
New York Times Service

WASHINGTON — Margaret Williams, the former chief of staff to Hillary Rodham Clinton, says she avoids reading the news from Washington these days.

Every time Ms. Williams, who is trying to live unnoticed in Paris, learns of another White House friend going before another grand jury, it reminds her of what binds her and dozens of other Clinton associates to this administration: huge legal bills.

And it is not only high-level aides like Ms. Williams. From presidential counselors to secretaries, from press officers to wine stewards, employees in the first five years of the Clinton White House have been overwhelmed with often massive legal bills as they deal with the varied inquiries into the Clintons' personal and business affairs.

As a result, they have set up legal defense funds, borrowed money from parents and the White House credit union and depleted personal savings accounts as they try to pay for lawyers to represent them.

Star's 'prosecutorial zeal' is criticized on two fronts. Page 3.

President Bill Clinton's allies announced Wednesday that they would create a legal defense fund to help the first family pay off legal bills that are now approaching \$3.2 million. While

the announcement served to highlight the crushing legal bills associated with the long investigations into the Clintons, the fund will do nothing to help dozens of lower-level White House employees who have had to testify before juries and congressional committees looking into the Clintons' personal and business dealings since 1993.

For Ms. Williams, who came into the government from a moderately paying post with the Children's Defense Fund in 1993, that has meant \$350,000 in legal fees. And she left Washington

See FEES, Page 7

Seeking a Remedy for Its Industrial Woes, the Chinese Think Big

By Seth Faison
New York Times Service

SHIJIAZHUANG, China — Inside an arched entranceway to the sprawling headquarters of North China Pharmaceutical Group, a display of oversized photographs points to the political connections that created and then nourished this drug-making giant for 40 years.

Deng Xiaoping, the paramount leader who died last year, is pictured visiting this gritty industrial city in 1958, the year the factory opened. President Jiang Zemin is shown giving his official blessing to North China in 1991. Despite a disastrous record of half-baked industrial programs over the years, politics still dominate big business in this country.

North China's shrine to politics and its dusty grounds have the look of a bygone era. Yet this company is being celebrated as a model: It was recently selected by Beijing as one of six prized companies that the nation's leaders hope to build into world-class industrial conglomerates, a project they have made a cornerstone of the nation's economic policy.

Despite the spectacular collapse of Asian economies in recent months — including the South Korean model that China's leaders most admired — Beijing is pushing forward with a plan to create a stable of big conglomerates, handpicked by the nation's leadership, that can compete in the international marketplace.

Essentially, China's large industry is trying to catch up to a standard that has just proved obsolete. But like an ocean liner that cannot stop easily even when an iceberg is sighted ahead, China's policy of

state-directed growth for large industry appears likely to go forward.

China's leaders are proceeding into the 21st century with a plan inspired by the *chaebol*, the South Korean conglomerates that had their heyday in the 1980s and earlier in the '90s. Chinese officials were mesmerized by the way Samsung Group and Hyundai Corp. leaped into the international marketplace, and they hope Chinese conglomerates can do the same in the coming decade.

They were particularly impressed by the connections between South Korean businessmen and politicians, and maintained that the South Korean model, applied to China, would allow the Communist Party to continue to dominate decision-making in the country's key businesses.

Some economists argue that the Asian financial

crisis is a blessing for China because it has highlighted the dangers of excess debt and overdiversification. Warned by example, leaders in Beijing are more likely to nurture their own conglomerates more carefully.

Yet in the long term, the enmeshing of politics and business — so devastating to other Asian nations in recent months, and so prevalent in China — may spell trouble. When loans, tax breaks and other forms of government support are given on the basis of political and personal considerations, as they have been for decades in China, structural problems are virtually guaranteed.

"Mixing government and business in China is unavoidable at this stage," said Shawn Xu, an economist at Merrill Lynch & Co. in Hong Kong.

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Newsstand Prices	
Andorra	10.00 FF Lebanon
Aruba	12.50 FF Morocco
Cambodia	1.600 CFA
Cape Verde	10.00 CFA
Egypt	12.50 FF
France	10.00 FF Saudi Arabia
Gabon	1.100 CFA
Italy	2.800 Lira
Japan	2.250 Yen
Jordan	1.250 JD
U.A.E.	10.00 Dh
Kuwait	7.00 Fils
U.S. Mtl. (Eur.)	\$1.20

The Dollar	
New York	Friday @ 4 P.M.
DM	1.8213
DM	1.8163
Pound	1.638
Yen	127.955
FF	6.116
6.088	

The Dow	
Friday close	previous close
+38.36	8413.94
8375.58	
S&P 500	
Friday @ 4 P.M.	previous close
+6.93	1034.21
1028.28	

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A Revolt in Belgrade: Passengers Vent Anger on the Buses

By Chris Hedges
New York Times Service

BELGRADE — Milos Javanovic, a city bus driver, climbed into his worn vinyl seat, turned the key to unleash a blast of black diesel smoke and glanced at the dials on his dashboard, none of which worked. He nursed the 17-year-old bus into traffic, ignoring a high-pitched squeal from the brakes, and began another day's work, for which he would be paid weeks late.

The bus was packed with people clinging to broken handgrips as the vehicle lurched from side to side. Suddenly Mr. Javanovic heard a familiar argument.

"I have no money for bread and you want me to pay?" shouted a middle-aged woman at a young conductor, who seemed to shrink under the onslaught. "You want me to give you money for a ride on this piece of garbage?"

"Listen, lady!" shouted Mr. Javanovic, "I have not received my salary since December. Just pay the man the three dinars!" (30 cents).

"Three dinars for your mother!" the woman fired back.

The bus erupted in applause and cheers. Other passengers also began to express their views about Mr. Javanovic's mother. The driver pulled over, cut the engine and stepped out for a cigarette. When he climbed back 10 minutes later, there was an uneasy truce. But no one paid the fare.

The long decline of Belgrade's bus and tram system reflects a sharp deterioration in the living standards in Serbia and Montenegro, the two remaining republics of Yugoslavia. It also illustrates a deep alienation from the authoritarian government of the Yugoslav president, Slobodan Milosevic, who was the president of Serbia.

The system, where doors fall off moving vehicles and maintenance crews cannibalize buses to keep a di-

minishing fleet of 800 vehicles on the road, decided this month that its sorry finances might be improved if passengers paid for the service.

But the passengers have not proved compliant, and there is a war on the city streets that the transport system seems to be losing.

'The transport system is out of control, like the country is out of control.'

"I am afraid," said Milena Djurdjevic, who stood in the small dispatch room in Republic Square for her first day of work as a conductor. "I am afraid of the passengers."

Radmila Kostic peered out from her wooden ticket booth where she was stirring a cup of coffee. In an eight-hour shift, she said, she rarely sold more than

three dozen tickets, and nearly all were \$1.50 tickets good for six rides.

"People buy the tickets for six rides and keep them in their wallets for a year," she said. "If they are checked, they can say they paid for the ride. These are the passengers who have a conscience."

"When the war started, we were told to stop collecting fares," said Mrs. Kostic. "The government was desperate to buy social peace. Now, strapped for cash, the government is trying to get funds, but we have not had conductors on the buses for years. The transport system is out of control, just like the country is out of control."

There have been several beatings of conductors by irate passengers. Most conductors, including those who ride special buses with signs in the windows demanding that all passengers buy a ticket, prefer not to press their requests.

"It is a lot safer and wiser just to let people be," said a conductor on the 27E bus who refused to give his name. "I

just go along for the ride." Passengers are fiercely unapologetic.

"I was supposed to get \$55 a month maternity leave for a year and have not received a cent since last March," said Karmen Todorovic, a city hospital nurse, "and now the government wants people to pay? Forget it."

The passengers around her began to share catastrophe stories about the buses, including a gruesome tale of a floor that fell through last year. One passenger was killed and another's legs were severed.

"Here is how I define a good driver," said Gizela Vukovic. "If the door falls into the street while we are driving, which has happened to me, and he keeps going and gets us home, he is a good driver. If he stops and makes a fuss about it, he is a bad driver."

She added, "We were on a bus a few weeks ago that caught fire. I think most of us agreed that, in the case of a fire on the bus, it is safer to get off."

BRIEFLY

Italian Probe Cites Flight-Plan Detour

ROME — Failure to follow the flight plan is the principal reason a U.S. Marine jet severed a cable, sending a 20-ton cable into the sea, an Italian Air Force investigation has concluded, according to Italian news reports Friday.

The ANSA press agency quoted General Vincenzo Camporini, head of flight security for the Italian Air Force, as saying a report prepared by a seven-member investigative committee left no room for doubt. "This pilot flew in substantial deviation from the flight plan and the rules, and this was the fundamental cause of the accident," General Camporini said. (AP)

Slovakia to Hold April Referendum

BRATISLAVA — Slovakia's President Michal Kovac on Friday announced a re-run on April 19 of a referendum last May on changing the method of selecting a new president to a direct vote of the people.

Mr. Kovac's move comes after last week's ruling by the constitutional court that the government of his arch foe, Prime Minister Vladimir Meciar, had acted unlawfully when it thwarted a referendum on the issue last year.

"The right of citizens to take part in a referendum which was called on March 13 last year remains valid," Mr. Kovac said, adding that "a re-run will allow citizens to fulfill this right and therefore it was my duty to set it." (Reuters)

Pope Sees Cardinal Named in Scandal

VATICAN CITY — Pope John Paul II met Friday with an Austrian cardinal implicated in a sex scandal now under Vatican investigation.

The Vatican announced earlier this month that it was sending inspectors to the Goettweig abbey in Austria to look into charges that Cardinal Hans Herman Groer had sexually molested boys.

His successor, Archbishop Christoph Schoenborn, whom the Pope will elevate to cardinal on Saturday, told reporters in Rome that he hoped Cardinal Groer had "clarified" things during his audience with John Paul. The Vatican made no statement about what was said in the meeting. (AP)

Danish Challenger Predicts 'Yes' to EU

COPENHAGEN — Uffe Ellemann-Jensen, the Danish opposition leader, tried Friday to allay fears that Danes would vote "no" in a European Union referendum if he won the March election and became prime minister.

"I will be able to get a 'yes' in the referendum," the Liberal Party leader told a news conference. "The probability of a 'yes' will be even bigger with me as prime minister than with Rasmussen," he said, referring to the Social Democratic incumbent, Poul Nyrup Rasmussen.

On Thursday, Mr. Rasmussen called the election for March 11, before the May 28 referendum. (Reuters)

A Hormone for Hunger Feeds Hope of New Drugs

Discovery May Help Treat Obesity and Anorexia

By Thomas H. Maugh II
Los Angeles Times

LOS ANGELES — Scientists in Texas say they have identified two hormones that tell the brain it is hungry, a discovery that may make it possible to design drugs to treat obesity and anorexia.

The hormones, discovered in rats but thought to be present in all species, respond to metabolic signals, such as low levels of sugar in the blood, by stimulating appetite.

The researchers, who were to announce the discovery Friday in the journal *Cell*, are already looking for drugs that can block the hormones' activity, in the hope of finding effective new weight-loss drugs. The paper's publication is expected to spur more activity at drug companies searching for a magic bullet for obesity.

But Michael Schwartz of the University of Washington and the Puget Sound VA Health Care System cau-

tioned: "We have seen other hormones that looked good and didn't pan out. Many groups around the world will start looking at these to try and figure out if they really are important or not."

The discovery began when the research team led by Masashi Yanagisawa of the Howard Hughes Medical Institute at the University of Texas Western Medical Center in Dallas stumbled across two receptors in cells from the lateral hypothalamus of rat brains. Receptors are sites on the cell surface that bind specific molecules, such as hormones.

These were called orphan receptors because nobody knew what binds to them. Because the lateral hypothalamus is the portion of the brain that is known to control appetite, however, it seemed reasonable that the receptors would be involved in that process.

The team ground up large quantities of rat brain and fished through it to find molecules that would bind to the receptors. They eventually isolated two closely related proteins called orexin-A and orexin-B. Their structures, Dr. Yanagisawa said, are unlike any hormones previously known.

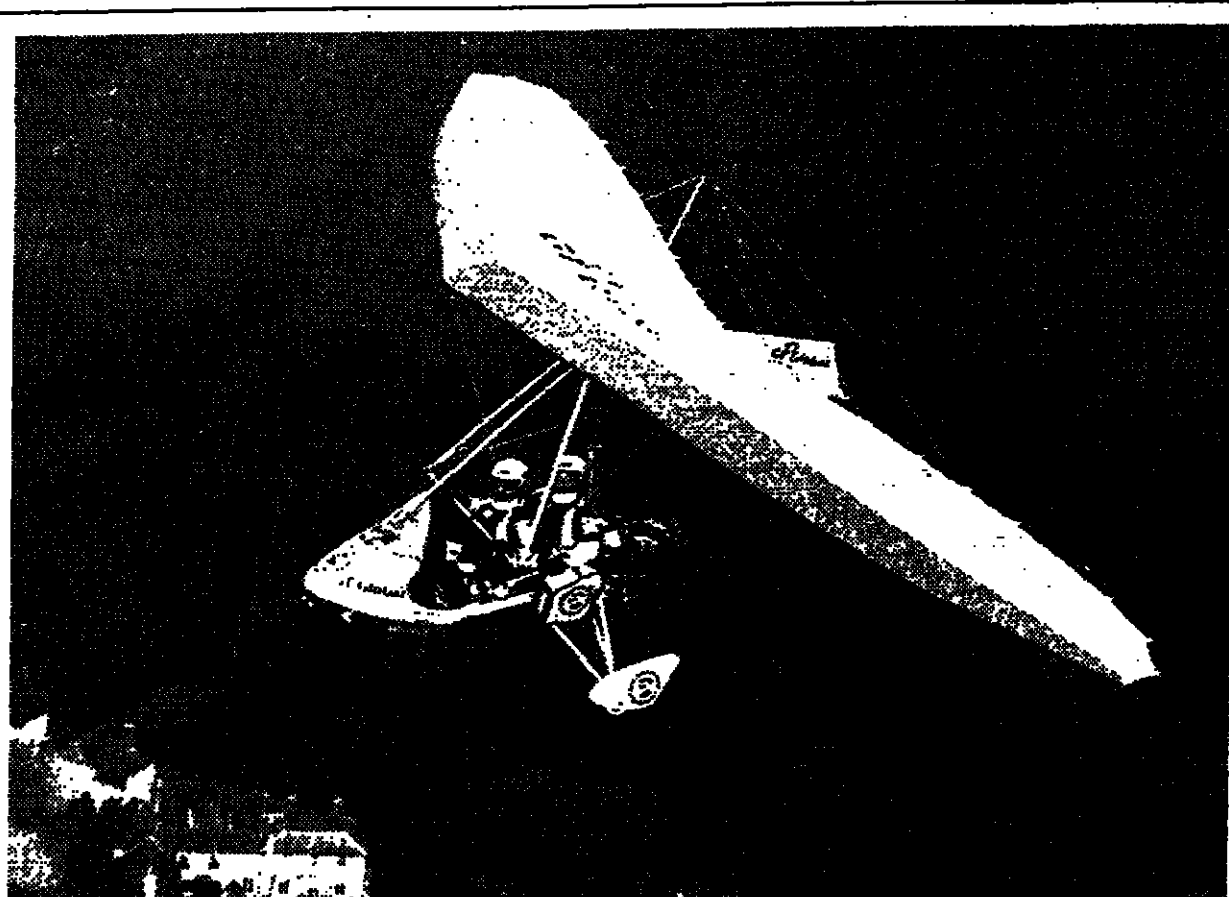
When the Texas team injected small quantities of the hormones into the brains of rats, the animals ate voraciously, consuming eight to 10 times the normal amount of food in the first hour or two. When the team starved rats for a day, larger than usual amounts of the hormones built up in the hungry animals' brains.

"We now believe that orexin is one of the important pathways in the regulation of hunger," Dr. Yanagisawa said.

The researchers also identified the gene that serves as a blueprint for production of the two hormones. That gene orders the production of a larger protein called prepro-orexin. Enzymes within the cell then cut off different sections of prepro-orexin to produce either orexin-A or orexin-B.

The challenge now is to find drugs that can mimic or block the new hormones' effects. Mimicking drugs could be used in treating anorexia, a disorder in which people do not eat enough and become emaciated. The drugs could also be used to counteract the wasting effects of such diseases as cancer and AIDS.

The real gold mine would be in finding drugs that block the orexins' effects, thereby reducing appetite. More than 58 million Americans, a third of the adult population, are classified as obese.



UP AND AWAY — Keith Reynolds, in front, and Brian Milton flying their ultralight aircraft over the British countryside on Friday. They plan to start a trip in March and hope to fly around the world in 80 days.

Georgian Leader Warns of 'Civil War'

Armed Nationalist Band Refuses to Release 4 Kidnapped UN Monitors

Agency France-Press
JKHASHKARI, Georgia — President Eduard Shevardnadze of Georgia warned about the possibility of civil war Friday as a hostage crisis in this isolated mountain village moved into a second day.

Nationalist gunmen, who have threatened to kill the hostages they are holding in a house here, refused to release them after a night of face-to-face negotiations with Security Minister Jamal Gakhokidze, officials said.

The captives are four United Nations military observers who were monitoring a cease-fire between Georgian troops and Abkhazian separatists. They and their driver were seized Thursday 20 kilometers (12 miles) away in the western Georgian town of Zugdidi.

In his first comment since the crisis began, Mr. Shevardnadze went on state television to warn the gunmen that he would not tolerate "civil war."

"Everyone should know there is no place in Georgia for civil war," he said. "Any action against Georgia serves only to bring the Georgian people together."

"There is no place for chaos. I know that among them are people who took part in the attack against me," he continued, referring to an assassination attempt on Feb. 9, when his motorcade was attacked with rockets and gunfire.

A presidential aide, Levan Aleksidze, told the *Tar-Tass* press agency that "an operation to free the Zugdidi hostages should take place within 24 hours."

It was not clear if that meant security forces would storm the house.

About 20 heavily armed men are thought to be holding the UN observers — a Swede, a Czech and two Uruguayans — their driver, the local mayor and his family in the mayor's home.

In Prague, the news agency CTK said that the Czech captive had telephoned

his embassy in Moscow to report that all four observers were unharmed.

Heavily armed police, Interior Ministry special forces and Russian soldiers from the Abkhazian cease-fire force were manning a security cordon 200 meters from the mayor's house. Villagers living within a kilometer of the house were moved out.

Security has been beefed up across the country, notably in the Zugdidi region, where checkpoints were manned by around 20 soldiers, officials said.

The captors are demanding that the authorities release all jailed supporters of the late president Zviad Gamsakhurdia, including those arrested following the attempt on Mr. Shevardnadze's life.

Mr. Gamsakhurdia, ousted in a coup in January 1992, died in 1993. He was replaced as Georgian leader by Mr. Shevardnadze, whose legitimacy the "Zviadists" have never recognized.

TRAVEL UPDATE

Roman Road Uncovered

PISA, Italy (AFP) — An ancient Roman road has been discovered near the leaning tower of Pisa during work to stabilize the tower. A medieval tomb containing a complete skeleton but nothing else was also found by the workers digging in the vicinity of the tower, which was closed to visitors eight years ago because of the risk of collapse.

This summer, two metal support cables will

be fixed to the tower to keep it from tilting further.

Tighter Schiphol Security

AMSTERDAM (Reuters) — The viewing terrace at Amsterdam's Schiphol was closed to the public after anti-noise protesters used the observation area to gain access to the roof of a KLM passenger jet.

Activists from Milieu Defensie, the Dutch arm of Friends of the Earth, clambered onto the fuselage of the jet Thursday, shortly before it was to take off for Atlanta. The demonstration sparked security concerns, and the Boeing 767 had its departure delayed by about two hours.

The U.S. State Department has warned American citizens in Georgia to be on the alert after four UN military observers were taken hostage in the western city of Zugdidi. (Reuters)

Japan Air Lines plans to schedule flights to Tianjin, in northeastern China, from Osaka and Nagoya starting in April. (APF)

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.

Europe	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Algeria	11/12	64/51	12/15	7/14	61/48	13/16	8/15	58/45	14/17
Amsterdam	11/12	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Athens	14/17	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Berlin	17/20	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Bombay	12/15	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Buenos Aires	18/21	64/51	12/15	7/14	61/48	13/16	8/15	58/45	14/17
Calcutta	19/22	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Chengdu	13/16	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Colon	22/25	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Hanoi	20/23	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Harbin	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Heilongjiang	9/12	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Hong Kong	24/27	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Los Angeles	18/21	64/51	12/15	7/14	61/48	13/16	8/15	58/45	14/17
London	11/12	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Madrid	14/17	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Moscow	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Mumbai	19/22	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
New Delhi	20/23	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Osaka	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Paris	11/12	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Perth	18/21	64/51	12/15	7/14	61/48	13/16	8/15	58/45	14/17
Rangoon	24/27	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
San Francisco	18/21	64/51	12/15	7/14	61/48	13/16	8/15	58/45	14/17
Seoul	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Singapore	24/27	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Taipei	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Tokyo	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Yokohama	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17

Asia	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Algeria	11/12	64/51	12/15	7/14	61/48	13/16	8/15	58/45	14/17
Bombay	19/22	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Calcutta	20/23	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Chengdu	13/16	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Colon	22/25	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Hanoi	20/23	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Harbin	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Heilongjiang	9/12	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Hong Kong	24/27	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Los Angeles	18/21	64/51	12/15	7/14	61/48	13/16	8/15	58/45	14/17
London	11/12	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Madrid	14/17	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Moscow	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Mumbai	19/22	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
New Delhi	20/23	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Osaka	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Paris	11/12	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Perth	18/21	64/51	12/15	7/14	61/48	13/16	8/15	58/45	14/17
Rangoon	24/27	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
San Francisco	18/21	64/51	12/15	7/14	61/48	13/16	8/15	58/45	14/17
Seoul	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Singapore	24/27	74/64	15/18	70/60	16/19	65/55	17/20	68/58	18/21
Taipei	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Tokyo	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17
Yokohama	10/13	54/41	11/14	52/39	12/15	49/36	13/16	50/37	14/17

Asia		Today		Tomorrow		
	High	Low	High	Low	High	Low
Almaty	32/35	-17/20	an	32/37	-17/20	an
Amoy	32/39	14/21	32/39	14/21	32/39	14/21
Bangkok	32/36	24/15	34/32	24/15	34/32	24/15
Beijing	7/14	-3/27	6/13	1/24	6/13	1/24
Bombay	20/23	15/18	20/23	15/18	20/23	15/18
Calcutta	20/23	14/27	20/23	17/25	20/23	17/25
Chengdu	34/32	15/18	35/28	14/27	35/28	14/27
Colon	31/38	22/11	30/36	22/11	30/36	22/11
Hanoi	29/31	14/27	an	17/23	16/21	an
Harbin	29/31	14/27	an	17/23	16/21	an
Hong Kong	14/24	13/5/1	14/24	14/27	an	an
Kobe	29/32	15/18	29/32	15/18	29/32	15/18
Manila	29/34	25/17	29/34	25/17	29/34	25/17
Nairobi	17/23	12/5/3	17/23	12/5/3	an	an
Osaka	31/38	22/11	31/38	22/11	31/38	22/11
K. Osumba	31/38	22/11	31/38	22/11	31/38	22/11
Perth	29/32	15/18	29/32	15/18	29/32	15/18
New Delhi	24/35	8/4	24/35	8/4	24/35	8/4
Phnom Penh	29/38	24/15	34/30	23/10	34/30	23/10
Queretaro	29/32	15/18	29/32	15/18	29/32	15/18
Rangoon	32/39	17/23	32/39	18/11	32/39	18/11
Shanghai	12/23	7/14	14/27	5/11	14/27	5/11
Singapore	29/34	24/15	29/34	23/10	29/34	23/10
Tokyo	29/32	15/18	17/23	12/5/3	29/32	15/18
Yokohama	34/32	17/23	33/31	17/23	33/31	17/23
Africa						
Algiers	29/32	11/22	18/24	9/23	an	an
Cape Town	29/32	11/22	29/32	11/22	29/32	11/22
Casablanca	29/32	10/20	18/24	9/23	an	an
Hairane	29/32	13/5/8	29/32	11/22	29/32	11/22
Johannesburg	29/32	13/5/8	29/32	11/22	29/32	11/22
Nairobi	29/32	13/5/8	29/32	11/22	29/32	11/22
Yulin	20/28	9/4/8	18/24	9/23	an	an
Latin America						
Buenos Aires	27/32	17/23	26/31	18/24	an	an
Costa Rica	29/32	11/22	29/32	11/22	29/32	11/22
Limma	29/32	11/22	27/30	23/13	27/30	23/13
Managua	29/32	11/22	29/32	11/22	29/32	11/22
Mexico City	30/30	9/4/8	23/28	9/23	an	an
San Jose	29/32	11/22	29/32	11/22	29/32	11/22
Santiago	29/32	14/27	29/32	14/27	29/32	14/27
Oceania						
Auckland	29/32	11/22	29/32	11/22	29/32	11/22

Starr's 'Zealous' Inquiry Draws Fire From 2 Flanks

Compiled by Our Staff From Dispatches by

WASHINGTON — The president of the American Bar Association has criticized the "prosecutorial zeal" reflected in the independent counsel's investigation of allegations that President Bill Clinton had a sexual relationship with a former White House intern and tried to cover it up.

The prosecutor, Kenneth Starr, also came under fire Friday for the first time from Dr. Bernard Lewinsky, the father of the intern, who likened the inquiry into his daughter Monica's affairs to a "Hitler era" inquest.

"I think he's totally out of control," Dr. Lewinsky said in an interview for a broadcast on ABC. "My daughter has not done anything from the federal point of view. She's not a murderer. She's not a spy."

Without mentioning Mr. Starr or his investigation by name, the president of the American Bar Association, Jerome

Shestak, asked a series of pointed questions Thursday about the inquiry at the closing session of a symposium on the Independent Counsel Act at Georgetown University Law Center in Washington.

"Does prosecutorial zeal justify stinging operations and unauthorized wiretapping in order to leverage the hiding of noncriminal, sexual indiscretion into a criminal obstruction of justice?" Mr. Shestak asked in remarks that clearly referred to Mr. Starr's decision to have the FBI secretly record remarks by Monica Lewinsky.

Mr. Shestak also challenged the attempt by Mr. Starr's prosecutors to encourage Ms. Lewinsky to accept immunity from prosecution in exchange for her cooperation when her lawyer was not present. "Are prosecutors entitled to ignore ethical prescriptions on the grounds that their pursuit of truth or common practice justifies departure from professional standards?" he asked.

At one point, Mr. Shestak asked, "Is the special counsel a fourth arm of government lacking any meaningful accountability and realistically immune from removal?"

A liberal Democrat who held a human rights post in the Carter administration and was once a member of the Democratic National Committee's finance committee, Mr. Shestak also implicitly questioned Mr. Starr's ties to conservative groups, suggesting they undermine his independence.

Where there appear to be "conflicts of interest because of client relationships or financial associations with partisan groups" for the prosecutor, he said, "then the question arises whether the prosecutor is truly independent."

The pointed words from Mr. Shestak came at a time when Mr. Starr's investigation is facing mounting criticism from Mr. Clinton's allies and when the three-judge panel that over-

sees independent counsels is preparing to name a new one to investigate Interior Secretary Bruce Babbitt.

One of the panels at the conference Thursday included two former special prosecutors arguing that the special counsel in charge of the appointment in the Babbitt case should avoid a partisan, active opponent of the administration.

A former independent counsel, Joseph diGenova, said the three-judge panel "must not pick" anyone "who even skirted partisan politics or was aligned with causes" antagonistic to those being investigated. A known opponent of the administration "puts at risk the investigative process" no matter what his other credentials might be, Mr. diGenova said.

Like Mr. Shestak, neither Mr. diGenova nor another former independent counsel, Lawrence Walsh, mentioned Mr. Starr by name, but the standards they enunciated for choosing an inde-

pendent counsel would have ruled him out.

In another development, Dr. Lewinsky, a cancer specialist based in Los Angeles, objected to Mr. Starr's decision to call his former wife, Marcia Lewis, to testify before the grand jury investigating allegations that Mr. Clinton had an affair with Ms. Lewinsky.

Pitting a mother against her daughter, Dr. Lewinsky said, was "reminiscent of the McCarthy era, of the Inquisition, and even, you know you could stretch it and say the Hitler era."

He described talking to his daughter in January after her lengthy hotel room interrogation near the Pentagon.

"She was in tears. She was frightened," Dr. Lewinsky said. "She had been with approximately five FBI men and five prosecutors in a hotel room for about nine hours. And they were threatening her with a 30-year jail sentence." (WP, Reuters, AP)

POLITICAL NOTES

IRS Names Panel To Examine Abuses

WASHINGTON — Under fire for badgering innocent taxpayers, the Internal Revenue Service will set up a special three-member panel — with two members from outside the agency — to review allegations of abuses by IRS managers.

Commissioner Charles Rossotti said Thursday that the purpose of the special disciplinary panel was "to have an objective assessment" of these allegations and to impose sanctions on workers who have engaged in abuses, but "not to go on a witch hunt."

The panel will consist of one agency executive and two executives from elsewhere in the government. After hearing a case, the panel may acquit the manager or impose sanctions ranging from an oral reprimand to dismissal. (WP)

Promise Keepers Faces Fund Crisis

DENVER — The evangelical men's movement Promise Keepers, which drew more than half a million people to a march in Washington last fall, is so strapped financially that it will stop paying its employees at the end of March.

The Denver-based organization, founded eight years ago by the former University of Colorado football coach Bill McCartney, has expanded rapidly, generating operating revenue of nearly \$100 million as recently as two years ago.

But 345 salaried workers were told Wednesday that they would lose their jobs because of a rocky transition from heavy reliance on rally entrance fees to financing through voluntary contributions. (WP)

\$2.3 Billion Sought On Water Pollution

WASHINGTON — President Bill Clinton has announced a new effort to cut pollution in the nation's waterways and along the coasts.

With Baltimore's restored Inner Harbor providing a symbolic backdrop, Mr. Clinton unveiled a "clean water action plan" Thursday that includes 100 specific proposals for reducing water quality problems.

The package, which would cost \$2.3 billion over five years if financed by Congress, would be the largest commitment of resources against water pollution since the passage of the Clean Water Act in 1972. (WP)

Quote/Unquote

Bob Livingston, Republican of Louisiana and chairman of the House Appropriations Committee, announcing that he had changed his mind about retiring from Congress this year to pursue a more financially rewarding career in the private sector: "I came in broke and I still am and I will be when I leave." (WP)

U.S. and Iran Go to the Mat

Wrestlers Re-establish Contact Broken Since 1979

By Kenneth J. Cooper
Washington Post Service

TEHRAN — Shawn Charles and Mahdy Kaveh shook hands and squared off, heads lowered and almost burning, both men pulling and tugging, snapping and grabbing for a firm hold on a bare shoulder or neck. For two minutes they pushed back and forth, seeking leverage in the standoff, until Mr. Charles lifted Mr. Kaveh's leg. Then they went to the mat.

Almost two decades after the United States and Iran severed diplomatic contacts, the archenemies finally made contact — bodily contact — this week in the persons of Mr. Charles and Mr. Kaveh, wrestlers representing their estranged countries in an international tournament in the Iranian capital.

Mr. Charles and his four teammates are the first American athletes to travel to Iran since the attack in 1979 on the U.S. Embassy here in which 52 Americans were taken hostage and held for 444 days.

And the mat is not as unlikely a place for the two nations to become acquainted as it might seem. Wrestling is the most popular sport in Iran, and Iranians consistently win

Olympic medals. Two members of the U.S. team, Kevin Jackson and Zeke Jones, are Olympic-medal winners and possibly better known to people in their own country.

Just as recent utterances by leaders in Washington and Tehran have revealed profound ambivalence — laced with large measures of both hope and caution — the presence of the U.S. team has stirred conflicting emotions here.

The Americans' arrival at the airport Tuesday was front-page news in the English-language Tehran Times, but Persian-language papers played down or ignored the story.

And when the Americans marched into Azadi Arena with 20 other teams, they received the second-lowest applause, after the Iranians. But a U.S. flag hanging from the ceiling along with those of other countries was not fully unfurled until after the opening ceremony.

For both countries, the burning of American flags outside the U.S. Embassy in 1979 remains an emotional memory.

Even now, the flag is caricatured on the wall of a large Tehran building, with skulls for stars and falling bombs for red stripes. One

American wrestler, Melvin Douglas, said he had decided to leave behind his uniform, which bears a stylized suggestion of the U.S. flag.

"I didn't bring the flag," he said. "They burn flags." Two other American wrestlers, Mr. Charles and Mr. Jones, insisted on wearing their national uniforms.

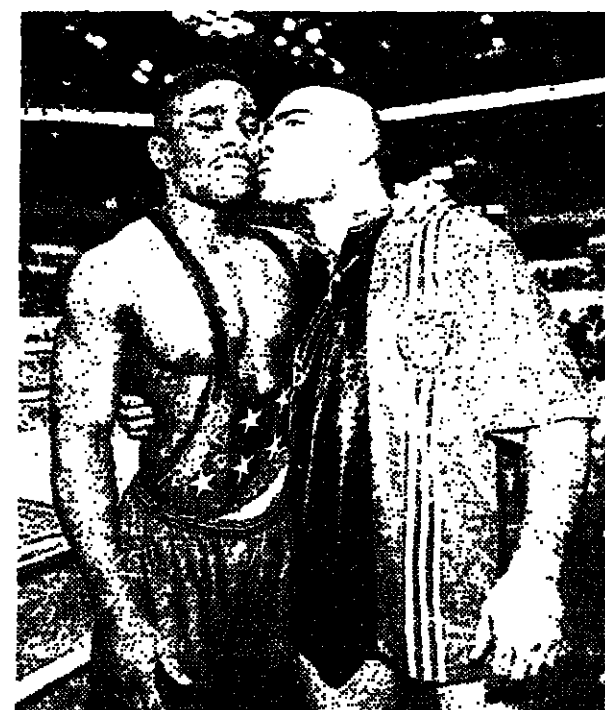
"I'm definitely wearing my American singlets," Mr. Jones said. "I feel safe. The people are fine."

Each time an American has climbed the Persian-carpeted stairs to the wrestling platform, Iranian fans have whistled in appreciation.

Mr. Jackson also received a burst of whistles for a move in which he hoisted a Greek opponent over his shoulders, slammed him down and pinned him to the mat.

Coming a month after President Mohammed Khatami made overtures to the United States and the Clinton administration responded by repeating a proposal for official talks, the Americans' visit has prompted hopeful comparisons to the successful "Ping-Pong diplomacy" of nearly three decades ago that preceded the establishment of relations between China and the United States.

Months before Mr. Khatami's call to the United



Mahdy Kaveh, right, an Iranian wrestler, congratulating his opponent, Shawn Charles, an American.

States in January, Iran's wrestling federation had invited the American team to compete in the Tahiti Cup tournament, just as it has for the last few years. This time the American federation overcame its concerns about security and accepted.

With so many countries represented in the tournament, it was not until the evening of the tournament's third day that an American and Iranian squared off in the nearly full arena, which seats

12,000 people. The approving whistles for Mr. Charles, a coach at Central Michigan University, were loud, but not as loud as those for Mr. Kaveh.

The all-male crowd chanted the home country's name during the match and, after Mr. Kaveh fell behind, they chanted his name. But in the end, it was Mr. Charles who drew whistles from the crowd when the referee raised the American's hand in victory.

U.S. Charges 2 With Possessing Biological Toxin

New York Times Service

LAS VEGAS — Federal agents have charged two men with possession of a biological toxin believed to be anthrax after tracking them for hours as they prepared to test the substance at a suburban medical clinic, authorities said.

One of the suspects, arrested by agents acting on a tip, was identified as Larry Wayne Harris of Lancaster, Ohio, a microbiologist and former member of the ultra-right Aryan Nations, who pleaded guilty to fraud charges last year after he was accused of obtaining bubonic plague bacteria through the mail in 1995.

"It was suspected that these individuals were in possession of a dangerous biological chemical anthrax," said Bobby Siller, the special agent in charge of the FBI's Las Vegas office. Technical experts from the military and the FBI sealed off a

car and containers thought to hold the substances and took them to Nellis Air Force Base near here in preparation for testing.

While investigators said the suspects appeared to be involved in constructing a weapon, they said they had no clear indications of any specific plans to use it.

But in an affidavit made public in Las Vegas, the government noted that in 1995, Mr. Harris was found with three vials of bubonic plague virus, and that as recently as last summer, he told an unidentified group "of his plans to place a globe of bubonic plague" toxin in a New York City subway station, where it would be broken by the rumble of a passing train, causing hundreds of thousands of deaths that would be blamed on the Iraqi government.

That assertion apparently led an unidentified FBI

official in New York on Thursday to tell news services that the suspects had been plotting an attack on New York, a report that was later denied by Mayor Rudolph Giuliani and law enforcement officials in Las Vegas and in Washington.

Mr. Harris, 45, and the second suspect, William Job Leavitt Jr., 47, identified as a microbiologist from Logandale, Nevada, were arraigned Thursday afternoon on charges of possessing a biological toxin, and held over without bail until Monday.

A lawyer for Mr. Leavitt, Kirby Wells, said after the brief hearing at the federal courthouse here that "the vial the FBI took is an anthrax vaccine," that the two men were developing in an effort to fight anthrax if it were ever released. He said the two men had come to Las Vegas to test some technical equipment related to the vaccine, for which they were prepared to pay millions of dollars.

Away From Politics

Mounting evidence points to radon gas in homes as an important public health problem, causing between 15,000 and 21,000 deaths annually from lung cancer, according to a National Research Council panel.

Barnes & Noble, the nation's largest bookstore chain, says it will stock art books containing photographs of nude children depicting indecent acts in Alabama and Tennessee.

Over 34,000 criminal and illegal aliens were removed from the United States in the last three months of 1997, a 70 percent increase from the same period in 1996. (AP)

A former flower shop employee who fatally shot and stabbed a co-worker and her 5-year-old son after she rebuffed his sexual advances was executed by injection early Friday in McAlester, Oklahoma. Michael Long, 35, waived his appeals last year, saying he did not want to delay his execution any longer. (AP)

Senator John Glenn, 76, took two rides in a centrifuge at Brooks Air Force Base in Texas to reacquaint himself with the sensation of launching and said it was a breeze. He is preparing to fly on the shuttle Discovery on Oct. 16 and will be the oldest person to go into space. (Reuters)

RELIGIOUS SERVICES

AMSTERDAM		BRUSSELS/WATERLOO		HOLLAND	
CROSSROADS INTERNATIONAL CHURCH Interdenominational & Evangelical Sunday Service 10:00 a.m. & 11:30 a.m. Kids Welcome. De Custerstraat 3, S. Amsterdam Info. 020-641 8812 or 020-6451 853.		ALL SAINTS' CHURCH, 1st Sun. 9 & 11:15 Holy Eucharist. All other Sundays: 11:15 Holy Eucharist and Sunday School. 583, chaussée de Louvain, Châlin, Belgium. Mail: 81, rue Coteau, 1410 Waterloo. Tel. 322 384-3555.		TRINITY INTERNATIONAL invites you to a Christ centered fellowship. Services 9:00 and 10:30 a.m. Bloomcamp 54, Wassenaar 070-517-8024 nursery prov.	
FRANCE/TOULOUSE		WIESSBADEN		NICE - FRANCE	
HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de Pibrac, Colomier. Sunday service 6:30 p.m. Tel.: 05 62 74 11 55.		THE CHURCH OF ST. AUGUSTINE OR CANTERBURY, Sun. 10 a.m. Family Eucharist. Frankfurtstrasse 3, Wiesbaden, Germany. Tel. 49 611 30 65 74.		I.B.C. 13 rue Vernier, English service, Sunday evening 18:30, pastor Roy Miller - Tel.: (04) 93 32 05 95.	
FRENCH RIVIERA/CÔTE D'AZUR		THE EPISCOPAL CHURCHES OF EUROPE (Anglican)		ST. PAUL DE VENICE - FRANCE	
NICE: Holy Trinity (Anglican), 11 rue Buz, 06100 NICE. Tel. 33 04 93 97 19 83.		THE AMERICAN CATHEDRAL OF THE HOLY TRINITY, Sun. 9 & 11 a.m., 10:45 a.m. Sunday School for children and Nursery care. Third Sunday 5 p.m. Evening, 23, avenue George V, Paris 75008. Tel.: 33-01 53 23 84 00. Metro: George V or Alma Marceau.		St. Paul de Venice - France I.B.C. Espace St. Pierre, Level "C" Bible Study Sun. 9:30, Worship Sun. 10:45. Tel. (043) 320 595.	
FRANKFURT		PARIS AND SUBURBS		PRAGUE	
English Speaking International Catholic Parish, St. Leonhard, Alie Mainzstrasse 6, 60311 Frankfurt, Germany. Tel/Fax 069-253177. Mass schedule: Saturday 5 p.m., Sunday: 10 a.m. Confessions: 12 hour before Mass.		THE AMERICAN CATHEDRAL OF THE HOLY TRINITY, Sun. 9 & 11 a.m., 10:45 a.m. Sunday School for children and Nursery care. Third Sunday 5 p.m. Evening, 23, avenue George V, Paris 75008. Tel.: 33-01 53 23 84 00. Metro: George V or Alma Marceau.		I.B. Fellowship, Vinohradska 68, Prague 3, Sun. 11:00. Tel.: (02) 311 7974.	
PARIS AND SUBURBS		BERLIN		WATERLOO	
EMMANUEL BAPTIST CHURCH - 58, rue des Bons-Raisins, 92500 Neuilly-Malmaison. Worship: 9:45 - 11:00 a.m. Sunday School. For info Tel: 01 47 51 29 63/01 47 49 19 29 or http://www.geocities.com/Paris/Metro/1322.		I.B.C., Berlin, Rothensburg Str. 12, (Steglitz), Sunday, Bible study 10:45, worship Service 12:00 noon. Charles Warford, pastor. Tel: 030-774-4670.		WATERLOO BAPTIST FELLOWSHIP Sun. 10:00 at Swedish Church, across from MacDonalds, Tel: (02) 353 1885.	
HOPE INTERNATIONAL CHURCH		BRATISLAVA - SLOVAKIA		ZURICH - SWITZERLAND	
Hope International Church, 8 bd. de Neuilly, Worship, Sundays, 10:00 a.m. Rev. Bill Rindheimer, Pastor. T: 01 43 33 04 06 Metro 1 to la Defense Esplanade.		I.B.C., The Iuvanta, Karloveska 64, Auditorium 104B. Worship Sun. 10:00. Tel: (07) 713397.		I.B.C. of Zurich, Ghesstrasse 31, 8003 Rüschlikon. Worship Services Sunday mornings 10:30. Tel: 1-810018.	
FRANKFURT		BREMEN		ASSOC. OF INT'L CHURCHES	
English Speaking International Catholic Parish, St. Leonhard, Alie Mainzstrasse 6, 60311 Frankfurt, Germany. Tel/Fax 069-253177. Mass schedule: Saturday 5 p.m., Sunday: 10 a.m. Confessions: 12 hour before Mass.		I.B.C., Hohenlohestr. Hermann-Böse-Str. 17, 28195 Bremen. Pastor telephone: 0421-76 648.		AMERICAN CHURCH IN BERLIN, cor. of Clay Alley & Potsdamer Str., S.S. 9:30 a.m. Worship 11 a.m. Tel: 030-8132021.	
PARIS AND SUBURBS		BUDAPEST		GENEVA	
EMMANUEL BAPTIST CHURCH - 58, rue des Bons-Raisins, 92500 Neuilly-Malmaison. Worship: 9:45 - 11:00 a.m. Sunday School. For info Tel: 01 47 51 29 63/01 47 49 19 29 or http://www.geocities.com/Paris/Metro/1322.		I.B.C., meets at Morics Zsigmond Glimmzsum. Torolovesz ut 48-54, Sun. 10:00. Tel: 250-3832.		EV. LUTHERAN CHURCH 20 rue Verdaine. Sunday worship 9:30, in German 11:00 in English. Tel: (022) 3105089.	
HOPE INTERNATIONAL CHURCH		BULGARIA		JERUSALEM	
Hope International Church, 8 bd. de Neuilly, Worship, Sundays, 10:00 a.m. Rev. Bill Rindheimer, Pastor. T: 01 43 33 04 06 Metro 1 to la Defense Esplanade.		I.B.C., World Trade Center, 36, Drahon Tazankov Blvd. Worship 11:00. James Duke, Pastor. Tel: 971-2192.		LUTHERAN CHURCH of the Redeemer, Old City, Mursat Rd. English worship Sun. 9 a.m. All are welcome. Tel: (02) 6281-049.	
FRANKFURT		DARMSTADT - GERMANY		PARIS	
English Speaking International Catholic Parish, St. Leonhard, Alie Mainzstrasse 6, 60311 Frankfurt, Germany. Tel/Fax 069-253177. Mass schedule: Saturday 5 p.m., Sunday: 10 a.m. Confessions: 12 hour before Mass.		I.B.C., Wilhelm-Leuschner Str. 104, Darmstadt-Griesheim. Bible Study Sun. 10:00. Tel: (0671) 941-0505.		AMERICAN CHURCH IN PARIS. Worship 11:00 a.m. 65, Quai d'Orsay. Paris 7. Bus 63 at door. Metro Alma-Marceau or Invalides.	
PARIS AND SUBURBS		FRANKFURT		ZURICH	
EMMANUEL BAPTIST CHURCH - 58, rue des Bons-Raisins, 92500 Neuilly-Malmaison. Worship: 9:45 - 11:00 a.m. Sunday School. For info Tel: 01 47 51 29 63/01 47 49 19 29 or http://www.geocities.com/Paris/Metro/1322.		INTERNATIONAL CHRISTIAN FELLOWSHIP, Ev-Friedrichs-Gemeinde, Bodenweg 11-18, 63150 Bad Homburg. Sunday Worship, Nursery & SS: 11:00 a.m. Mid-week ministries, Pastor M. Levey. Call/Fax: 06173-62728.		INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday & Nursery, Sundays 11:30 a.m., Schanzengasse 26. Tel: (01) 262522.	
HOPE INTERNATIONAL CHURCH		GENEVA		JERUSALEM	
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Food Distributed to Indonesians

3 Ethnic Chinese Businessmen Donate Supplies to Help Ease Crisis

By Cindy Shiner
Washington Post Service

JAKARTA — Three ethnic Chinese millionaires distributed thousands of food parcels Friday to needy Indonesians in slums and villages, answering a call by the government to help ease the country's economic crisis and stem unrest caused by rising food prices.

"The donation is an effort to help the people get their daily needs," one of the businessmen, Liem Sioe Liong,

was quoted by Reuters as saying. The nation has become increasingly concerned about the food supply since the Asian economic crisis spread to Indonesia in July last year. Prices of staple foods such as rice and cooking oil have skyrocketed and the value of the nation's currency, the rupiah, has plunged at least 70 percent.

Rioters in about two dozen towns have targeted small-scale ethnic Chinese merchants by stoning, looting and burning shops. Five people have died in the violence; two were shot by security forces.

Ethnic Chinese, who make up only 3 percent of the population but control most of the country's wealth, are often singled out during political and economic instability.

Chinese merchants in several towns have donated rice and money to the poor and set up reduced-price markets to appease their angry neighbors. Indonesians accuse them of raising prices indiscriminately and of hoarding food.

A spokesman for the attorney general's office warned Friday that food hoarders could face the death penalty.

"It's probably to scare people to release the stocks that they have," a food market analyst said.

The official Antara news agency said the warning came after the authorities discovered thousands of tons of rice, sugar and soybeans in warehouses in and around Jakarta, the capital.

Officials have warned in the past that hoarding is considered a subversive act. The authorities have also threatened to shoot rioters, but security forces so far have exerted minimal force in quelling the violence that has broken out on several of the vast archipelago's islands.

A drought has hurt food production, but it is unclear how badly the upcoming rice crop will be affected.

"It's still premature to say," the food market analyst said. "The crop seems to be delayed."

Domestic food production dropped by about 4 percent last year and a similar decline is expected this year.

The analyst said the overall food supply was "a problem in the sense that Indonesia will have to put up dollars to buy food."

Moreover, he said, communities are "very isolated."

"But in terms of the total food supply," he added, "I think it's not a matter of life and death as such."

Indonesia, which has the world's fourth largest population, is a major rice producer. Imports, while significant due to the number of consumers, make up only 10 percent of domestic consumption.

Recent deliveries of imports have been held up because the nation has been unable to obtain letters of credit from banks already wary over the country's \$65 billion private debt. As a result of that and other factors, such as the drought and a weak currency, rice prices have soared 50 percent or more in some areas.

Aware of the potential for unrest because of price increases and food shortages, the World Bank has earmarked \$400 million to ensure food supplies to Indonesia's poorest.

CHINA: Seeking Out an Industrial Cure

Continued from Page 1

"But anything arranged by the government with no reference to the market is not going to succeed."

Executives at North China, now officially designated the flagship of the nation's pharmaceutical industry, proudly point to the trappings of a modern-minded company: a glossy annual report and a board of directors that was created when North China, whose shares are traded on the Shanghai Stock Exchange, went public in 1994.

Yet they acknowledge that the company still operates in a system where political considerations, often secret ones, guide the most important decisions. Accountability and market responsiveness are new, only partly understood notions.

"We say that the board of directors makes the main decisions, but it's really the Hebei party committee," Lu Weichuan, North China's president, said in an interview, referring to the Communist Party committee that is the ultimate power in Hebei, the Chinese province that is home to North China.

"In a free market, the government plays a minimal role. But in a developing economy, the government has to play an important role."

Mr. Lu, like many Communist-trained managers, likes to measure his company's size by work force and volume of output, rather than by sales or profits. The company's strategy for growth, in his words, is to "take advantage of our market, resources and government support."

With sales of \$420 million and profit of \$34 million in 1997, North China is the largest of about 3,300 drug companies in the country. But it remains tiny compared with its international rivals, like Glaxo Wellcome PLC and Smith-Kline Beecham PLC, whose recently announced merger plan would create a company more than 100 times as large.

Despite its population of 1.2 billion and an economy that has had average growth of more than 10 percent a year since 1990, China still has virtually no world-class companies, a legacy of

poverty and clumsy socialist planning.

Beijing's goal is for each of its six model conglomerates to top \$5 billion in annual sales within a few years and to eventually join the Fortune 500. Until the crisis struck South Korea, Chinese executives often spoke about the benefits of creating a company with everything, such as its own securities, insurance and real estate subsidiaries.

Now executives are more restrained, preferring to talk about concentrating on a core business in the six chosen fields: pharmaceuticals, household appliances, consumer electronics, steelmaking, shipbuilding and personal computers.

But the \$5 billion target remains — North China would have to increase its sales 11-fold to reach it — and it seems arbitrary as the numbers that once filled China's five-year plans, a mainstay of the old, centrally planned economy.

Mr. Xu of Merrill Lynch argues that conglomerates will help China's economy mature but that government intervention is required to nurture their growth.

The key, he insists, is to keep business goals ahead of political ones, though he acknowledges the difficulty of doing so.

"There are many cases of government-arranged mergers where a good company is forced to take over a bad one, to save it," Mr. Xu said. "But the final outcome is that both are doomed. That's the danger of government-arranged mergers."

Of the hundreds of mergers in China over the last year, Mr. Xu estimated, not a single one came about without government participation.

When companies from different provinces have merged, the provincial government of each has often tried to protect its own company, requiring senior leaders from Beijing to step in and impose an arrangement.

After years of insisting that better management would run things around, the Communist Party leaders last year finally faced the reality that the majority of state-run businesses were losing money or barely breaking even and that many of the rest would be better off in private hands. At party congress in September, the leadership agreed to sell off the bulk of the 13,000 midsize and large state-owned companies.

But they decided to keep 1,000 or so of the biggest companies under government control, and eventually to create huge conglomerates for each major industrial sector.

When it came to choosing which drug company would be the model, North China got the nod. It recently absorbed a smaller company and will likely merge with others, reducing the number of drugmakers in China but by no means guaranteeing North China's dominance over the many competitors that remain.

Less than 10 percent of North China's sales come from exports, but low-cost production could conceivably help the company carve out a niche in the international market. The pharmaceutical unit of Germany's Hoechst AG, for example, announced recently that it would sell its penicillin-making arm because it could no longer compete with China's and India's low costs.

Analysts who follow North China say it faces challenges from a range of new antibiotics on the domestic drug market, where prices have been falling. "There are so many new drugs on the market," said Wang Qingyi of Guotai Securities in Shanghai. "Prices are coming down, and their core business is in penicillin," a decades-old drug with a narrow profit margin.

North China receives government support in several forms, mainly through support for mergers and loans, Mr. Lu said. But most of all, being selected as one of the nation's six model conglomerates was excellent public relations.

"Our stock went up 20 percent in three days," the company president said.

Traditionally, a Chinese company showered with government praise is guaranteed to do well, since senior officials often tie their own prestige to its success. Part of the price, however, is that such companies must still take orders from the government.

"In this country, you can't do anything on a large scale without government support," said Rong Guangdao, deputy general manager of Shanghai Petrochemical, a giant oil company 50 miles outside Shanghai.

Even though Mr. Rong said Shanghai Petrochemical planned to stick to its core oil and chemical businesses, he conceded that it also owns a hotel and an amusement park, mainly to absorb excess workers.

"You can't just lay off people," Mr. Rong said. "The government would never allow it, so we have to have something for them to do."

But Mr. Liu argued that for all the government's authority in China, it does not have the power to lift a company into the Fortune 500.

"A company has to do that by itself," he said.

In the long term, the enmeshing of politics and business — so devastating to other Asian nations in recent months, and so prevalent in China — may spell trouble.

JAPAN: Plan Falls Flat

Continued from Page 1

as possible so that it can reduce its deficit.

"Our primary concern is to stop the rising debt," said Masakazu Sakaguchi, chief of the research division at the Finance Ministry's Budget Bureau. But he indicated that the government would be flexible. "Whether additional measures are necessary or not, we need to watch the economy very carefully."

Friday's package, the fourth drawn up by the governing Liberal Democratic Party since October, included measures to help ease the credit squeeze, revive the property market, encourage the purchase of second homes and facilitate the trading of asset-backed securities.

One measure would also encourage companies to buy back their own shares, which could help lift the stock market, while another would allow banks to revalue their landholdings and fold unrealized profits into their capital base.

The party is also considering trying to revive the real estate market by using public funds to encourage institutions to purchase land held by lenders as collateral. In addition, the package urges that rules be rewritten to promote the securitization of property.

It was difficult for the ruling party to back Friday's proposals with funds because the general 1998 budget has not yet been passed by Parliament. Any special stimulus for the economy would probably come in the form of a supplementary budget, which could only pass after the general budget is approved.

Don't Let Euro Deflect Reforms, Rubin Says

Compiled by Our Staff From Dispatches

NEW YORK — The U.S. Treasury secretary, Robert Rubin, said Friday that Europe's drive to introduce a single currency risked deflecting attention from the need for economic reforms.

"The euro risks taking attention away from the requirement of structural reforms in Europe," Mr. Rubin told reporters on a flight to London, where he will attend a meeting of finance ministers and central bank governors from the Group of Seven industrialized nations.

Europe is making progress and is beginning to grow again, Mr. Rubin said, "which, if so, is good, it's very good."

He added that the United States continues to support Europe's move to a single currency, because "what's good for Europe is good for us."

(Reuters, Bloomberg)



Ethnic Chinese store owners selling their goods at discount prices to poor residents of Kadipaten, a town 200 kilometers east of Jakarta.

Seoul Leader Leaves Office With Apology To the People

By Sonni Efron
Los Angeles Times

SEOUL — In a blunt and contrite farewell address to the nation Friday, the departing President Kim Young Sam apologized for a five-year term that has proved a bitter disappointment to many South Koreans.

"I cannot but admit frankly that my efforts fell short of your expectations," Mr. Kim said in a speech from the Blue House, the presidential residence.

"My heart aches because of the heavy responsibility that weighs on my mind whenever I think of your suffering because of the current foreign exchange and financial crisis," Mr. Kim said. "I extend my consolation to you from the bottom of my heart."

The 70-year-old president also endorsed his longtime rival, Kim Dae Jung, who will be inaugurated Wednesday, saying the president-elect "is more than able to restore stability and growth to the nation" and urging all citizens to support him.

Kim Young Sam came into office in 1993 with 90 percent public approval ratings. The nation's first civilian president, he initially delighted South Koreans with such austere habits as jogging each morning and serving visitors to the Blue House a humble lunch of noodles, in stark contrast with the lavish lifestyle of his predecessors.

He jailed corrupt business leaders and politicians by the score but then saw his own administration rocked by a corruption scandal that ended with the graft conviction of his son. He promised sweeping economic reforms, yet his policies proved too inept and superficial to cure the cronyism and economic distortions that finally landed South Korea under International Monetary Fund receivership in November.

"I have come to feel acutely the meaning of the saying, 'Reforms are more difficult than revolution,'" Mr. Kim said.

"Our reforms lagged far behind changes in the rest of the world," Kim Dae Jung has promised not to weak vengeance on his longtime political foe, but only to expose the truth of South Korea's troubled modern history.

Tensely, India Goes Into 2d Round of Voting

NEW DELHI — India headed for the second leg of elections in a mood of unease Friday as the police beefed up security in the southern state of Tamil Nadu and violence erupted elsewhere in the country.

Voting for 184 of the lower house of Parliament's 545 seats is set for Sunday in 11 states and one union territory. Vote counting begins March 2 and a new Parliament is expected to be constituted by mid-March.

The first, and biggest, of five phases of voting was marred Monday by voter rigging and violence in which at least 25 people died and dozens were hurt.

The Election Commission declared null and void the vote Monday in Patna, capital of the eastern state of Bihar, and three political parties called for soldiers to be sent to the state for the rest of voting there Sunday.

The police declared an alert in Tamil Nadu, where a series of bomb explosions in the city of Coimbatore have killed 60 people since Saturday.

P. Kalimuthu, police commissioner of the state capital, Madras, said more than 3,000 officers were checking movie theaters, markets, commercial complexes and shopping malls throughout the state.

"The basic aim is to prevent any Coimbatore-type blasts from occurring in the city," he said.

BRIEFLY

Critics Rap Taipei On Airbus Crash

TAIPEI — Critics have accused the authorities in Taiwan of mishandling the bodies of 202 people who perished in the nation's worst air crash. By Thursday, only 110 bodies had been tentatively identified.

The cause of the crash of the China Airlines Airbus A300 from Bali has not been determined.

No complaint has been filed so far but victims' relatives and newspapers excoriated the authorities for their handling of victims' bodies. One newspaper reported that looters had invaded the crash site. (AP)

Tokyo Envoy Sours On Cambodia Vote

PHNOM PENH — A Japanese diplomat warned Friday against premature optimism that a settlement may soon be reached allowing Prince Norodom Ranariddh, the ousted first prime minister, to return to Cambodia for July elections.

"A lot of things have to be solved before Ranariddh can return," said Junichi Ihara following a one-hour, 40-minute meeting between Hun Sen, the Cambodian leader, and Masakiko Komura, Japan's state secretary for foreign affairs. (AP)

Leader of Nepal Survives Vote

KATMANDU, Nepal — Prime Minister Surya Bahadur Thapa on Friday survived a no-confidence vote, but his success is unlikely to bring stable government to Nepal, analysts said.

The House of Representatives, the lower house of the Himalayan kingdom's Parliament, rejected a Communist-led censure motion by a vote of 103 to 100. (Reuters)

Earthquake Hits Northwest Pakistan

ISLAMABAD — A strong earthquake hit northwest Pakistan and neighboring Afghanistan on Friday, sending Islamabad residents running into the streets and causing still undetermined damage in provincial towns.

There were no immediate reports of any casualties. Saiauddin Khan, director of a Pakistan earthquake center, put the preliminary magnitude at 6.1. (AP)

Kabul Amputation

ISLAMABAD — A thief had one hand amputated before thousands of people in the Afghan capital, Kabul, on Friday, Taleban radio reported. (AP)

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The Iraq Crisis

Annan's Trip

Diplomatic handshakes are not giving UN Secretary-General Kofi Annan much chance of resolving the Iraq crisis during his mission to Baghdad this weekend. But the shape of a plausible agreement, though largely un-noticed, can be found in inspection arrangements once accepted by both Iraq and the United States. If reconstructed and reaffirmed, they could give UN weapons inspectors the unrestricted access they must have, while honoring Iraq's claims of sovereign dignity at national palaces and other locations now off limits to inspection.

Such an arrangement defused an earlier crisis between Iraq and the UN. For a while it provided expanded access for UN inspectors, until Iraq eventually reneged on the agreement. Even so, it advanced the overall inspection effort at no meaningful cost. A similar deal would be acceptable to Washington today, for as long as Iraq fully honored its terms.

The earlier arrangement was reached in June 1996 when Iraq barred inspectors from Republican Guard quarters and other sites that Baghdad contended were sensitive to its security. Amid hints of American military strikes, the Security Council sent the chief inspector at that time, Rolf Ekens, to Iraq to demand admission to the closed sites. To the surprise of many, Baghdad agreed in writing to grant unconditional access.

Mr. Ekens achieved this by volunteering several face-saving concessions that did not compromise the inspectors' ability to do their work. He offered a

vaguely worded assurance that the UN would respect Iraq's legitimate security concerns and sovereignty as expressed in Security Council resolutions. He agreed that to facilitate UN access to the sensitive sites, Iraqi cabinet ministers could accompany, but not interfere with, the inspectors. Baghdad received no prior information about exactly where these inspections would take place. Finally, Mr. Ekens agreed that the visits would begin with small teams of inspectors, but that premises would be physically secured and larger inspection teams brought in if any sign of weapons activities was detected.

Similar arrangements could be acceptable for the presidential and other sites now in dispute, provided the UN weapons teams retain unrestricted rights to go where they need to without advance notice and to determine the extent and duration of inspections.

An agreement along these lines would have the practical virtue of allowing the inspectors to examine locations they have not been able to investigate. It would also preserve the other useful elements of the current inspection system, including monitoring cameras, electronic sniffers and remote temperature detectors that can show whether a factory is being used to produce legitimate consumer goods or biological and chemical weapons.

If Saddam Hussein's real concern is not sovereign dignity but freedom to develop biological weapons in secrecy, Mr. Annan will return empty-handed and military action will commence. But if the Iraqi leader seeks an inspection regime that takes Iraqi pride into account, it is within reach.

—THE NEW YORK TIMES

America in a Box

As her question-and-answer session at the University of South Carolina approached its conclusion Thursday, Secretary of State Madeleine Albright objected. "I'm having so much fun!" she said. And no wonder. Compared with the crowd that had heckled her and two colleagues in Ohio on Wednesday, the USC audience was polite, respectful and under control. But some of the questions posed in South Carolina were just as sharp and skeptical.

The Ohio State University forum was a debacle of public relations, and the administration had only itself to blame. Secretary Albright, Defense Secretary William Cohen and National Security Adviser Sandy Berger proved less masterful than their boss at the give-and-take format of a town hall forum, but that was not the root of the problem. The administration is right to seek to explain its Iraq policy to the public, but it was wrong to stage a gimmicky, campaign-style rally for what is decidedly not a political, campaign-style issue.

Moreover, there was something unseemly about giving exclusive broadcast rights to the Ohio event to CNN as a way of reaching Saddam Hussein himself. At this stage of events, the administration should not be beseeching the Iraqi dictator or fitting its public relations campaign to his viewing schedule.

Politics on Ice

In Olympic events where artistry blends with athleticism, and performance cannot be measured in terms of points scored or time elapsed, there will always be an element of subjectivity in the decisions of the judges. Politics add an extra measure of volatility, especially in ice skating.

To this day, Linda Fratianne's coach remains convinced that European judges unfairly awarded the gold medal to an East German in 1980 despite the fact that Ms. Fratianne, an American, had captured both the short and long programs. Political motivations have been less obvious since the end of the Cold War, but the judging can be as inscrutable as ever.

In Nagano, the short program in pairs skating raised eyebrows when the U.S. team of Kyoko Ina and Jason Dungjen skated flawlessly but placed fourth, while first place went to a Russian pair that flubbed a death spiral and third place went to a team that crashed on a jump. In the women's short program, the French judge favored the French skater Surya Bonaly with scores far above the marks of other judges, suggesting again that nationality counts.

But no event is as maddening as ice dancing, where inertia may be as big an obstacle to fairness as politics. Again, representatives of the old East Bloc dominated the judges' panel, and well before the end of the dance competition, TV commentators had accurately predicted the final standings.

Russia's Pasha Grishuk and Yevgeni Platov won the gold, which was no great surprise since they had already won 21 straight competitions. Indeed, Ms. Grishuk, as much actress as athlete, seems almost to skate with a sense of entitlement. The order of the top nine teams did not budge after the compulsory dances, which suggested that reputation may count for as much as that particular night's performance does.

In less subjective sports, a single performance can undo a career or catapult an unknown athlete to the top. But the ice dancing judges were content to let the world order of that sport remain undisturbed.

Their predictability eliminated the element of risk, and fairness, that separates a good floor show from a tightly matched competition.

—THE NEW YORK TIMES

If Japan Won't Help Rescue Asia, China Might

By Robert G. Lees

TOKYO — The financial and economic crisis in Asia should be a great opportunity for Japan to assume a full partnership role with the United States in helping the region manage, and recover from, its problems.

Yet despite its huge stake in the economic health of East Asia, Tokyo's response has been surprisingly weak and limited.

In the latest of a long line of underwhelming Japanese "initiatives," the ruling Liberal Democratic Party on Friday unveiled a package of largely regulatory measures to support the flagging economy and stock market.

But a draft of the package — released just hours before Finance Minister Hikoichi Matsunaga was to leave for a crucial meeting of the Group of Seven nations on the Asian crisis — offered none of the fiscal stimulus spending urged by the United States and Asian countries.

Japan could have used the summit meeting of the Asia-Pacific Economic Cooperation forum, held in Vancouver in November, to take the lead in forging a consensus on how to approach the region's difficulties. Instead, Japanese leaders were all but invisible.

More recently, U.S. Deputy Treasury Secretary Lawrence Summers visited the region's hardest-hit countries to show Washington's support, and to encourage commitment to the painful reform and austerity measures pre-

scribed by the International Monetary Fund. How much more powerful the trip would have been if he had been accompanied by his counterpart from Japan's Finance Ministry.

Given that Japan accounts for 70 percent of East Asia's economy, it is clear that there will be no solution without Japanese leadership. The single most important contribution Tokyo could make would be to stimulate its moribund domestic economy in a significant way.

Increasing demand in Japan by cutting taxes, and by undertaking structural as well as regulatory reforms, would help not only Japanese businesses and consumers but the entire region. Such steps are long overdue.

Increased demand for imports in Japan would translate into much-needed export earnings for companies throughout East Asia. In contrast, weak demand and a weak yen will make it difficult for the region to get back on its feet again.

Although Japan has significant economic problems of its own, it could act as a locomotive to pull its neighbors out of the morass. Not only is Japan well positioned to act as the region's largest lender and source of exports and aid, but it also has the most to gain from doing so.

Continued Japanese inaction is foolhardy at best and self-destructive at worst. It is highly unlikely that confidence will return to East Asia unless Tokyo takes the lead and stimulates, opens and reforms its economy in a meaningful way.

While Japan has failed to rise to the occasion, China, its rival for regional leadership, has been making all the right moves. Beijing has accepted the realities and responsibilities of being a full player in the global economy.

President Jiang Zemin's meetings with President Bill Clinton in Washington last October started the ball rolling. They showed China's willingness to assume a leadership and partnership role with the United States. Those ties were further cemented by follow-up meetings between the U.S. and Chinese leaders at the APEC summit meeting in Vancouver. And, when the financial crisis hit Thailand, China stepped forward with an aid package of \$1 billion.

But perhaps Beijing's biggest contribution to restoring economic stability to the region is not what it has done but what it has refrained from doing. China has demonstrated impressive restraint in not devaluing its currency, despite intense pressure to do so. Such a devaluation could be devastating for China's neighbors, triggering a further spiral of currency devaluations in the region.

When the Hong Kong stock market dropped precipitously and pressure on the Hong Kong dollar mounted, all eyes turned to Beijing. Again to its credit, China gave full support to the Hong Kong authorities in their successful defensive moves.

In fact, Beijing's behavior throughout the entire Hong Kong handover has been exemplary. Both the business and financial sectors of the former British colony could hardly have asked for more.

On the strategic front, at no time in recent memory has China seemed less of a threat to Southeast Asia. Beijing has been consolidating peace with its neighbors, including Taiwan. China has also increased the tempo of talks on its membership in the World Trade Organization by working toward required reforms.

As many East Asian countries stumble, this could be the defining moment for nations that aspire to leadership in the next century. Japan seems frozen. If this is true, who will lead Asia?

The writer is secretary-general of the Pacific Basin Economic Council, an association of senior business leaders representing more than 1,100 firms in 20 countries around the Pacific. He contributed this column to the International Herald Tribune.

We Need to Face It: Innocent Iraqis Will Suffer and Die

By Stephen S. Rosenfeld

WASHINGTON — It seems a bit unpatriotic to bring up the subject of Iraqi civilian casualties just as the American military prepares for a second major retaliation against Saddam Hussein's depredations. But it seems more than a bit evasive and hypocritical to park the subject until the war, if it comes, is over.

If the civilian toll troubles us Americans — and I think it does — better to look it in the eye and to address it before the event. Otherwise we come off as lacking the courage of our professed moral convictions.

Right now you can hear a certain ritual concern being expressed for the "collateral" civilian casualties likely to be suffered by Iraqis. Some of this concern is expediently political — a fear that Iraqi casualties will inflame other Arabs and burden the diplomacy of the war.

There is also a strain of humanitarian compassion at work. But humanitarianism is a palpably weaker force than the patriotism that stirs our feelings for our countrymen. Most of us are tugged far more by the obligations to our soldiers than by the claims of an unknown, adversarial other.

The truth is that, given the experience of the first Gulf War and its aftermath, American losses will be in military ranks and as low as we can make them. Iraqi losses will be civilian as well as military and higher by untold orders of magnitude.

In the Gulf War, the Pentagon counted 148 American military dead. The Iraqi military numbers are wobbly: tens of thousands are estimated.

But during — and especially since — the war there have been hundreds of thousands of Iraqi civilian deaths. Of these, only a relative handful were the result of U.S. bombs — the scenario currently most on our minds.

Even if Saddam Hussein now sprinkles women and children

liberally around his missile batteries, as many people suspect he may do, the combat-related losses of a new round might be similarly fractional.

In fact, the great bulk of the losses attributable to the Gulf War came after the guns had fallen silent. The toll was not paid full attention in America.

UN sanctions had a crushing impact on the economic life of the country. In addition, American forces had "taken down" the national electric power system, a target with an evident military aspect. That it also had a civilian aspect seems not to have been anticipated.

Without electric power, the water and sewage systems — the heart of the public health infrastructure — collapsed. Stores of medicines and medical equipment were depleted.

The sanctions and this bomb damage to the infrastructure produced a civilian death count that has conceivably surpassed a million people. It appears that children, vulnerable to malnutrition and disease, were and still are the chief victims.

I asked the Pentagon whether this time American planes and missiles would avoid dual-use targets with heavy civilian implications; I was told that the military does not give out advance word of its target lists.

If you now support, as I do, the use of force as a last resort to contain a resurgent Saddam Hussein, then you must be prepared for an unequal distribution of human costs. The reason for further fighting lies in the menace Saddam poses to international peace and security. But the price comes high. It is hard to

deal at all with Saddam Hussein without being tainted yourself.

Assume — against all military experience — perfect command and control and no combat accidents. The constantly improving precision-guided munitions in the American arsenal convey a sense that the military mission can be accomplished and civilian targets aseptically spared.

But in the sort of modern, wired society that is much of Iraq, these weapons can hit military targets and still do civilian damage. We indulged in the illusion of relative civilian immunity the first time around. This time we know better.

Faced with the difficult casualty numbers, many of us simply blame Saddam Hussein. Fair enough. The overall dilemma is of his making. He began the 1990-91 war and created the present crisis. He chose

to apply Iraq's limited postwar resources to military renewal and personal aggrandizement. He toyed with his own access to the United Nations' food-for-oil loophole. His rearmament put out of bounds the lifting of international sanctions. We are not more responsible than he for the welfare of the Iraqi people.

We must, nonetheless, answer to ourselves. If civilian casualties — especially over time — are practically inevitable, then they can be reduced at least marginally by careful target selection. The bureaucratic delays in food-for-oil exchanges on our side can be trimmed. If Saddam Hussein opens up fully for arms inspections, sanctions can end.

Eventually, help in reconstruction should be forthcoming. Our squeamishness need not disable our policy, which needs a moral edge.

The Washington Post

The Decline of the New Rome Has Begun

By William Pfaff

PARIS — The interesting thing about the public meeting on Iraq that the Clinton administration arranged at Ohio State University last Wednesday was not that protesters were noisily present, nor that questioners were skeptical about the government's policies.

It was the poverty of the government's answers. The secretaries of state and defense, Madeleine Albright and William Cohen, and National Security Adviser Samuel Berger were reduced to arguments of a sentimentality and a historical and political inanity unworthy of intelligent people.

This added to the impression other administration figures have already given of a government that is too long on beliefs in the policy it defends. How many Robert McNamara's are there on this policy team?

If the United States is going to make war on Iraq, the leaders of the country ought to be able to produce a sober and convincing case for what the war will accomplish and how international society will be better off for what is done. That is what was supposed to have been done at the Ohio State meeting.

Instead, Mr. Cohen told us that Saddam Hussein is a bad man, which we knew. There are many bad men in powerful positions in this sad world of ours. He showed us pictures of a mother and child killed by Iraqi security forces, which — as the audience in Ohio instantly recognized — could as well have been tomorrow's mother and child inadvertently killed by American bombs.

Feeble and extravagant domino arguments were produced, attributing to Saddam Hussein a degree of potential influence over the future of the region, and indeed over the future of the United States, with which few analysts outside government would agree. His determination to possess mass destruction weapons was discussed as if he were invulnerable to deterrence.

If Saddam is not stopped, Mr. Berger said, "all those who follow will believe that they can threaten the security of a vital region with impunity." This is particularly nonsensical when Mr. Berger and his colleagues cannot demonstrate how bombing Iraq will stop Saddam. They have no answer to the fundamental question of how bombing Iraq will change for the better a situation that everyone recognizes as unsatisfactory.

Other officials have already acknowledged that a new American air campaign, inevitably punishing Iraq's people, may actually strengthen the Iraqi president's domestic and regional standing.

This is not a problem that Washington can afford to ignore. The Israelis are quite aware of it, and many present and past Israeli officials have privately expressed anxiety about what the United States is doing.

A government that considers itself custodian of international order and agent of the international community needs to act and speak with conviction and serenity, and to possess a real mandate from that international community.

This American government has no such mandate in this case, clearly does not know what it is doing and becomes daily more agitated about the

consequences of the course to which it has committed itself.

It seems only yesterday that the Pax Americana was proclaimed. The Soviet Union had collapsed and the United States was acclaimed the sole superpower — a Rome for the 21st century. After the Gulf War, George Bush announced the New World Order.

That was seven years ago. Today the United States has proved unable to control events in the Middle East, the one place where its political influence is seriously challenged. The Israeli-Arab peace process is finished, even though Washington guaranteed it. The Arab governments that in 1991 accepted America's hegemony in the region are resentful, and uneasy about the future.

The tensions thus created have successfully been exploited by Saddam Hussein, leader of a country of about 20 million people which has been at war, declared or undeclared, for the better part of the last 20 years, and which still defies both the United Nations and American power — a defiance about to be reconfirmed.

Rome, after defeating Carthage (the Soviet Union of its day, geopolitically speaking) in the first century B.C., became the sole superpower of the western world. It remained that for five centuries.

Present-day Israel was part of the empire, as was much of present-day Iraq.

However, becoming the sole superpower was fatal to the moral integrity and political competence of the representative institutions of the old Roman republic, and after Caesar's death in 44 B.C. the republic became an imperial dictatorship.

Nonetheless the Pax Romana lasted for 200 years. The decline of the empire did not begin until three centuries on, when the emperor's Praetorian Guard (the secret service of its day) began to nominate the emperors. After that it was a matter of waiting for the barbarians.

The United States lives on a speedier timescale. The Pax Americana is likely to begin to crumble this coming week, when the attacks on Iraq are supposed to begin.

The republic is not in particularly good condition. Mr. Clinton has been governing by bread and circuses, with a booming economy and the unprecedentedly invasive and influential entertainment industry distracting the electorate.

But the burdens of empire are heavy, and to paraphrase Senator Lloyd Bentsen's remark in the 1988 vice presidential campaign, Bill Clinton is no Caesar.

The decline of the New Rome has really begun.

International Herald Tribune.

Los Angeles Times Syndicate.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: War Rhetoric

PARIS — M. Denis Guibert, writing in the *Figaro* this morning (Feb. 21) on the Anglo-French difficulty in West Africa, expresses the opinion that there is not a man of common sense who will not receive with laughter the extravagant proposition of Mr. Chamberlain and the London newspapers that war will break out over a few square miles of territory in Africa.

The question in dispute is strictly in the domain of friendly negotiations. It will certainly be settled at the Foreign Office without a drop of blood being spilled. M. Guibert concludes by stating that concord between two great countries is not, fortunately, at the mercy of the rhetoric of London journalists.

1923: Cowboy Cops

LYONS — Moving pictures may be responsible for an

increase in crime, but in this city they have served to introduce a new remedy along with the old ill. The showing here of American movies of the vintage of 1906, portraying scenes of the Wild West at its wildest, has inspired the police department to experiment with the lasso as a means of catching criminals. Yesterday (Feb. 19) the lasso was put into actual use for the first time, netting two burglars.

1948: Colonial Union?

PARIS — French and British colonial experts announced a four-point program yesterday (Feb. 20) for closer cooperation in Africa. This program was recently given new importance when Ernest Bevin, British Foreign Minister, proposed that a kind of colonial customs union could be established to parallel plans for a union of western European nations.

Herald Tribune

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ART

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U.K. Museums Find Smaller Is Better

A Mini Show on Marco Zoppo

By Souren Melikian
International Herald Tribune

LONDON — Pressed by necessity, leading museums in Britain are raising the art of the miniature-size exhibition to ever higher levels of perfection.

"Padua in the 1450s: Marco Zoppo and His Contemporaries," on view at the British Museum until April 13, surpasses even the marvelous Van Eyck show at the National Gallery. Riveting for its originality, which mixes small works in different media, it is enchanting for the elegance of its display, devoid of gimmickry and admirably lighted. The accompanying book written by curator Hugo Chapman, well written and well illustrated, is also a model of the genre at £9.99 (\$16).

The focus is on a deeply intriguing if shadowy figure of 15th-century art, Marco Zoppo, known as Zoppo "the lame one," and on what is seen as his greatest drawing, which was acquired in 1995 by the museum for £445,000 with a £100,000 grant from the National Art Collections Fund. Zoppo, born in Cento near Bologna in 1432 or 1433, was an established "master" and "painter" by 1452, as shown by a document recording payment for restoring and gilding a wooden group of the Virgin and Child in the church of Santa Maria in Pieve di Cento.

In circumstances unknown, Zoppo left for Padua and entered Francesco Squarcione's studio. Apparently, the great man thought highly enough of his trainee to adopt him. A contract stipulated that Zoppo was to be paid living expenses, would receive full instruction and would inherit the master's possessions. Alas, the childless Squarcione belatedly discovered the joys of married life with a young widow who bore him a son, effectively wiping out Zoppo's hopes of ever inheriting.

Master and pupil embarked on a legal dispute. Squarcione demanding that Zoppo pay back the living expenses and even a fee for the tuition he had received. The arbitration panel decided on the contrary that Zoppo had to be compensated. Instead of the 20 gold ducats awarded to him, the pupil agreed to betake himself elsewhere with paintings, reliefs, medals, studio props — all that was needed to set up his own studio. He departed for Bologna.

It is from about 1455, immediately after the dramatic break, that the sheet with drawings on both sides acquired by the museum was executed. These are the earliest known works by the artist. If the suggested date is right, he was astonishingly mature. The two drawings embody the characteristics that make Zoppo so unusual. The supremely sculptural treatment of the scenes is combined with a précieux, almost Mannerist style made

weirder by unrestrained whimsy, surprising in religious subjects.

In "The Dead Christ Supported by Angels" on the recto, Jesus is shown as an athletic man with a disproportionately developed chest, his head hanging limply as plump putti somehow lower him into a sarcophagus. The contrast between the tragic figure and the moment central to Christian dogma — the Son of God who has offered himself as a sacrificial victim for the redemption of mankind — and the funny creatures is eerie.

The solemn setting in a barrel-vaulted Roman style monument enhances the oddity of the atmosphere. This, however, also makes one wonder whether the artist was not profoundly acquainted with Middle Eastern reality. From Anatolia to Iran and Saudi Arabia, a number of ancient funerary monuments are carved out of mountain sides, as if their architectural facade was projecting from the rock. If the structure in Ancient Roman style stands for some such rock tomb in Herod's time, it would fit with the New Testament account according to which the body of Jesus was taken up to a cave and put in a tomb.

On the back of the sheet, the mix of tragedy, Renaissance refinement and laughter goes one step further. The subject of "Saint James on His Way to Execution," apparently based on a fresco painted by Mantegna in Padua, destroyed in 1944, is radically transformed by Zoppo's rendition. At the top of the Roman-style arch, putti are fighting or beating a dog, or playing. Most of the characters are bizarrely naked, in particular a man standing under the arch, making a grimace. To the right an improbable baroque pillar is topped by a chubby putto, spear in hand. Spoofery, here, is elevated to the level of fine art. It is made more striking by the inclusion in the show of Mantegna's dramatic preliminary study for "Saint James on His Way to Execution" and a few more sketches — of the dead Christ, a saint reading — terse and powerful.

WAS there a deliberately rebellious side to Zoppo? The "Rosebery album," so called because it was given by Lord Rosebery to the British Museum in 1920, contains 50 drawings on vellum. It is open to show a snarling scene with two young men as voyeurs observing the sexual frolicking of young putti in the nude whose wings in the back do not turn them into angels. Another drawing reproduced in Chapman's book has an equally marked, if less crude homosexual connotation. Does this reflect ambivalent inclinations on the part of Zoppo — a married man with two children — or those of his patron, or perhaps both? We do not know.

Zoppo's spoofery was not confined to



Mantegna sketch of a saint reading, in Marco Zoppo show in London.

sneering compositions. There is a lighter touch to his profile bust of a woman with dreamy eyes wide open under her extravagant helmet executed with steady precision. The ear of the helmet is prolonged by a scrolling, horn-like element that unexpectedly ends with the profile of a frowning young man. From the visor, there rises the silhouette of a pugnosed, irate-looking, bearded old dossier, like some genie let out of a bottle. The unconcerned lady looks fresh as a rose, falsely innocent in her transparent lace bodice artfully emphasizing rather than concealing her breasts. It is all done with meticulous care, in pen and brown ink on delicate white vellum.

One would hardly expect gravity from such a man. Yet the feeling was not alien to Zoppo, judging from the study of a kneeling saint with his hands joined in prayer. Deep furrows of anguish chisel the emaciated face. Light shimmers on the folds into which his drape breaks as it is about to slip off. The sketch is as enigmatic in its severity as the spoofs.

One looks in vain for a clue in the context of his studies intelligently laid out in the form of contemporary drawings and bronze plaquettes. Among these, a Virgin and Child between two candelabra has an ambiguous smile but this does not make it a cartoon. A fantastic plaquette ascribed to Moderno was probably cast around 1490, some 12 years after Zoppo's death in 1478. It is intensely expressive with its mourners gestulating or tearing their hair at the sight of the dead Christ but, again, there is nothing odd here.

The one painting in the show, "Virgin and Child" tentatively ascribed to Giorgio Schiavone, has a touch of Zoppo's perpetual amusement, but toned down by the exquisite painterly finish. Its authorship is not entirely clear, other than that the artist worked in the entourage of Squarcione. It adds a fitting conclusion to Zoppo's teasing elusiveness.

Windsor Sale: A Cake Walk

By Carol Vogel
New York Times Service

NEW YORK — They came from Paris and San Francisco, Omaha, Nebraska, and Australia to watch the final chapter of the 20th century's most celebrated love story that of the Duke and Duchess of Windsor — begin to unfold in nine days of sales at Sotheby's.

Sales on Thursday evening totaled \$1.9 million, three times Sotheby's high estimate. They included a piece of the couple's wedding cake, which brought almost \$30,000; a pair of Regency-style giltwood tables, which sold for \$134,500; and a watercolor portrait by Cecil Beaton, which also fetched \$134,500.

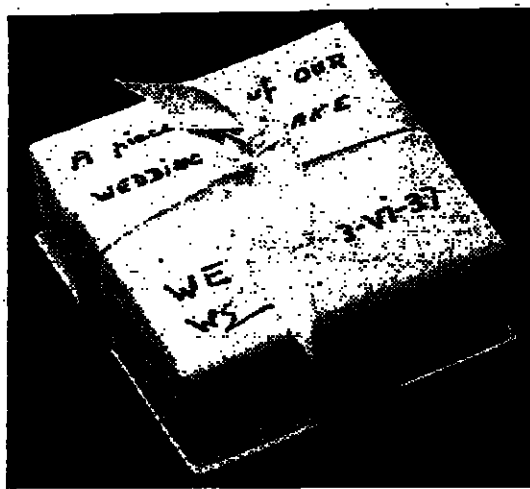
Sotheby's is auctioning more than 40,000 objects, the contents of the turn-of-the-century Louis XVI-style villa on the fringes of the Bois de Boulogne in Paris that was the couple's home after the duke married Wallis Warfield Simpson, an American divorcee, in 1937.

The seller is Mohamed al Fayed, the Egyptian-born financier and owner of Harrods in London and the Ritz in Paris, who bought the house in 1986.

The sale was originally scheduled for last September but was postponed after al Fayed's son, Dodi, and Diana, Princess of Wales, died in a car crash in Paris in late August.

The auction got off to a roaring start as bidders ignored the estimates and paid as much as they could. A portrait of Edward as a baby in his christening robes, dated July 1894, sold for \$27,600 to an unidentified telephone bidder. Sotheby's had estimated that it would fetch \$2,000 to \$3,000.

Although the salesroom was packed, few celebrities were in evidence. Raoul Felder, the divorce lawyer, was there.



The Windsors' \$29,900 box of wedding cake.

So was the fashion designer Tommy Hilfiger, in the second row, buying up more than \$400,000 worth of art and objects, from a child's silver mug, for which he paid \$5,750, to a printed silk handkerchief commemorating Edward's thwarted coronation, which went for \$3,737, way above an estimate of \$150 to \$250.

Hilfiger also bought several watercolors of the duke and duchess's house by Alexandre Borisovitch Serebriakov, a French artist, and furniture including the highest-priced lot in the sale, the Regency-style eagle-form giltwood tables, for \$134,500, after an estimate of \$20,000 to \$25,000. And a Louis XV-style desk for \$107,000.

"I'm furnishing a house in Greenwich," Hilfiger said, rushing to raise his paddle for the next lot.

But Hilfiger's extravagant buying was overshadowed by Benjamin and Amanda Yim of San Francisco, who flew to New York just for the sale. They beat out dozens of buyers for a box containing a piece of the duke and

duchess's wedding cake, a piece of wedding cake, which stunned Diana Brooks, Sotheby's chief executive and one of the evening's auctioneers, at the Yims paid \$29,900.

Yim, who described himself as a collector and an entrepreneur, said, "It's something I consider absolutely surreal." Asked what he was planning to do with the cake, Yim replied, "Well, I'm sure not going to eat it."

William May, a composer and writer from Manhattan, failed to buy the cake but managed to take home an autographed note, circa 1935, from Mrs. Simpson to the Prince of Wales that said, "God bless WE (Wallis Edward) good night from her to him. The gardenia." May paid \$5,462.

Sotheby's had thought the letter would sell for \$1,000 to \$1,500. "I have spent six years researching the Windsors, and I've written a musical about them called 'Always,'" he said. "At first I thought she might have been a gold digger and he weak, but I realized that the love he gave her was so extraordinary it got her through her darkest hours."

NOT everyone put such a sentimental cast on their purchases. Trevor Kreis, the Australian vice consul in New York, bought the private and unofficial diary of the Prince of Wales during a tour to Australia, New Zealand and the colonies in the Atlantic and Pacific for \$3,737 on behalf of the National Library of Australia. "It's quite candid," he said.

"And it's thought to have some of the prince's handwriting in it." (Prices include the auction house's commission, 15 percent of the first \$50,000 plus 10 percent of the rest. Estimates do not reflect commissions.)

A Designer's Furniture Odyssey

By Phil Patton
New York Times Service

NEW YORK — The future has been aging lately, at least on screen. Production designers for new movies — even for over-the-top productions like the 1997 film "The Fifth Element" — reflexively turn to the same furniture that appeared long ago in movies about the future.

Last year's science-fiction hit "Men in Black" was locked into an Aero-period look for its headquarters: Eero Saarinen's 1965 Ball chair, in which Will Smith wriggles

uncomfortably, and Eero Saarinen's 1956 pedestal table, which Smith drags noisily across the floor.

But the same pedestal tables look timeless in Stanley Kubrick's "2001: A Space Odyssey," where they were used in the Hilton Hotel lobby in Space Station Five amid the French designer Olivier Mourgue's blobby red Djinn chairs.

The Djinn chair "still looks futuristic," said Christopher Mount, a design curator at the Museum of Modern Art. "If I were making a movie about the future, I would still use it."

With the year 2001 seeming to rush toward us, the stock of Kubrick's "2001" has been rising, and the Mourgue furniture seen in the film is popular among younger designers. There are echoes of Mourgue's work in the recent chairs of Marc Newson and Anna Gili, who design furniture for the Italian company Cappellini.

And Lisa Krohn, an owner of Krab Design in Los Angeles, finds "2001" an in-

spiration. "It was the last positive statement about technology," she said. "The furniture combined the best minimalist and modernist understatement with a sense of human reference and scale."

In the whiteness of the space station of "2001," Mourgue's red modulating Djinn chairs rise like their namesakes ("djinn" or "jinn" is Arabic for "genies.") The Djinn chair — constructed of a steel frame, polyurethane foam and a slip-on jersey covering like a T-shirt — was controversial when it appeared in France in 1965. "Obscene," one critic muttered; another praised it as a "revolution in furniture."

Mourgue's furniture seemed part of the new culture of France and made him a star. He was called on to do interiors for the French pavilions at the World's Fairs in Montreal in 1967 and Osaka, Japan, in 1970. But by 1968, when he listened to the May Day demonstrations through the windows of his Montparnasse studio, Mourgue's bright future had already

dulled. He eventually retired to a village in Brittany, where he turned mostly to painting watercolors and teaching. Today, Djinn chairs — and benches and chaises longues — are sought more by collectors in Europe than by those in the United States. A Djinn chair and stool sold in October at Christie's in London for \$2,488. In the United States, Mourgue's furniture often sits battered and bowed in the back of crowded shops and galleries. Djinn chairs in good shape today sell for around \$3,000.

As with many 1960s visions, the idea has worn better than the reality. The jersey fabric on Mourgue's chairs — meant to be changed frequently — wears and stains easily; the polyurethane foam inside can crumble. It's as if the chairs were designed to self-destruct before 2001.

"Things should have a short life," Mourgue said in 1965, when he was 26. He never intended his furniture to live far into the future.

BOOKS

LOST MAN'S RIVER

By Peter Matthiessen. 339 pages. \$26.95. Random House.

Reviewed by Michael Mewshaw

AS the flap of his new novel "Lost Man's River" returns to the crime scene of the first volume, "Killing Mr. Watson" (1990). Half a century after his father was gunned down in broad daylight on the coast of Florida's Everglades, Lucius Watson rouses himself from the ruins of alcoholism and fitful writing — he has produced a state history and is researching a biography — and struggles to find answers that continue to

plague him. Was his old man a serial killer who deserved execution or an unfairly maligned farmer, victimized by envious rednecks? How could Edgar (E. J.) Watson be shot 33 times by dozens of swamp rats who all successfully pled self-defense? Why was no one indicted? Did onlookers protect the actual killer, the one who fired the first fatal shot, after which the crowd pumped superfluous shells into Watson?

Lucius, now in his 60s, isn't the only person in Everglades City and Chokoloskee whose head is a buzzing hive of conspiratorial theories and seething resentments. Every resident of the Ten Thousand Islands appears to have been affected by the killing of Mr. Watson, not to mention by the murders he's alleged to have committed before the community decided it had had enough. As Lucius makes the rounds among relatives and garrulous sources, he learns that his father sired 11 children by three wives, a couple of common-law mates and one victim of sexual assault.

These heirs and their offspring offer flavorful accounts of turn-of-the-century Florida, when the Everglades was a raw frontier. From one narrator after another, Lucius hears tales of rape, incest, miscegenation, lynchings, maimings, hard drinking, drug dealing, child and wife abuse, and family vendettas ending in murder.

At times, the novel reads like a variation on "Rashomon." But rather than an examination of one crime from

four different points of view, "Lost Man's River" becomes a repetitious rap sheet of felonies that don't much advance the plot or the reader's understanding. Although incidental nuggets of information — how to make turpentine or how to gut an alligator — are riveting, the overall effect is of a writer who has lost his sense of selectivity.

Then, too, after characters confess to careers as poachers, smugglers, petty crooks and callous exploiters of the land and their own loved ones, the reader has a hard time accepting their reveries about a prelapsarian Eden that metastasized into a rural slum of abandoned cars, leached-out soil and fished-out waters. Rather than blame themselves, they rail against rapacious real estate developers, crooked politicians, agribusiness and a misguided national parks program.

It gives no reviewer pleasure to criticize an author of Matthiessen's talent. Better to reread "Far Tortuga," his novel about doomed Caribbean fishermen who recount their plight in a poetic Creole patois, or "The Snow Leopard," his chronicle of a trip through Tibet that evolves into a Zen voyage of self-discovery. Before he finishes the last volume of the Watson trilogy, Matthiessen might be wise to refer to his estimable earlier work.

Michael Mewshaw, the author of eight novels and five works of nonfiction, wrote this for The Washington Post.

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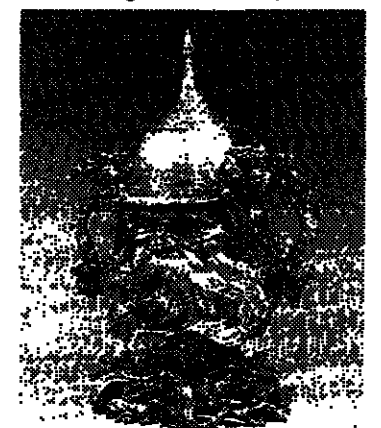
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U.S. Assails Japan Over Reforms

Officials Say Plan Needs Economic Stimulants

By Tom Buerkle
International Herald Tribune

LONDON — Senior U.S. officials criticized Japan on Friday for not including tax cuts or other stimulants in its latest economic reform package, saying Tokyo was failing to act as a locomotive for Asia's troubled economies.

The criticism set the stage for a chilly encounter when the U.S. Treasury secretary, Robert Rubin, meets Finance Minister Hikoichi Matsunaga of Japan at a gathering of finance ministers and central bank governors of the Group of Seven nations here Saturday.

The American criticism was largely echoed in financial markets, where analysts think the Japanese economy will stagnate without major tax cuts or government spending increases. The yen tumbled sharply on the foreign-exchange market, with the dollar rising to 127.955 yen in 4 P.M. New York trading from 126.025 on Thursday.

Analysts predicted a slide in the weeks ahead, a trend that could only exacerbate the worsening U.S. trade deficit.

Washington has been prodding Japan to stimulate its economy both to bolster demand for U.S. exports and to act as a lifeline for Asia.

"It is up to them to lead Asia's recovery, not the United States," Commerce Secretary William Daley was quoted as telling Reuters in an interview in Singapore.

The criticism of Japan's economic package overshadowed news that Japan, the United States and other major industrial nations were nearing agreement Friday to provide more than \$10 billion in new trade insurance for Indonesia and other struggling Asian countries.

The funding, discussed at a meeting here of export-credit guarantee agencies from 26 nations, was intended to fill part of the gap left by the cutoff of private bank lending to Asia in recent months and to stem a surge in bankruptcies across the region. The package was expected to be completed and endorsed by the finance ministers of the United States, Britain, Germany, France, Italy, Canada and Japan, at their meeting Saturday.

No other concrete measures of support for Asia were expected, despite an appeal from Indonesia's finance minister, Mar'ie Muhammad, for the G-7 to "do something to help."

Mr. Rubin said Friday that much of the finance ministers' time this weekend would be spent discussing Asia's economic woes and Japan's inability to stimulate its economy, and that he did not expect the meeting to result in any substantive change in G-7 currency policy, Bloomberg News reported.

Mr. Rubin and officials of the International Monetary Fund reiterated their opposition to Indonesia's plan to establish a currency board to support the rupiah, saying the government needed to implement a package of IMF reforms before trying to peg its currency.

In Tokyo, Trade Minister Mitsuo Horiuchi said Friday that the Export-Import bank would extend 300 billion yen in fresh loans to Asian countries, primarily to Indonesia, by the end of March, with more likely to come in the fiscal year starting April 1.

In addition, Japan promised to provide \$1 billion toward what it hopes will be a \$15 billion trade insurance fund for Asia. The fund is designed to enable Asian companies to obtain bank credits to purchase raw materials and other vital imports.

While U.S. officials regard trade finance as vital in the short term, they believe economic growth is essential to stabilizing Asia in the longer term. On that score, Japan's latest economic reform package, its fourth since October, failed Washington's test.

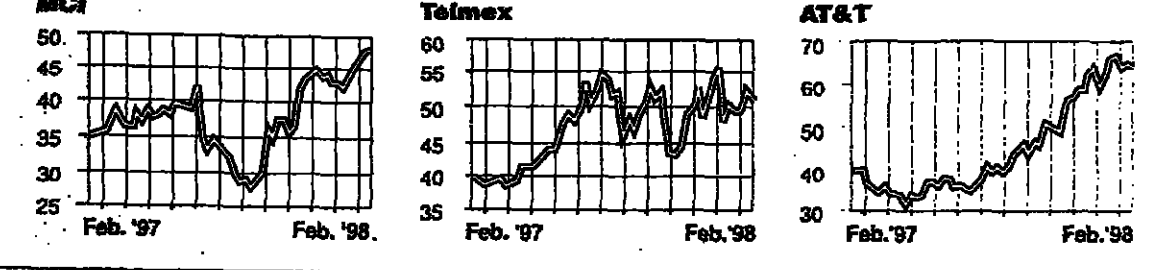
The package outlined by Japan's ruling Liberal Democratic Party included deregulation measures intended to bolster the banking system and stock market, but it failed to include tax cuts or spending increases to speed growth.



Gerald Taylor, chief executive of MCI, left, and G. Michael Armstrong, CEO of AT&T, have found a tough competitor in Telmex.



Share prices in U.S. dollars



Source: Bloomberg

Phone Giants Cross Wires in Mexico

Newcomers AT&T and MCI Blast Telmex's Local Connections

By John Ward Anderson
Washington Post Service

MEXICO CITY — When Mexico's telecommunications industry was privatized a year ago, the U.S. behemoths AT&T Corp. and MCI Communications Corp. portrayed themselves as feisty interlopers spoiling to give the stolid former monopoly phone company, Telmex, a lesson in competition.

Instead, Telmex, or Telefonos de Mexico SA de CV, has given the U.S. companies a costly and humiliating lesson on doing business in Mexico. The promised Clash of the Titans has degenerated into a playground brawl, with the U.S. companies casting themselves as 90-pound weaklings being picked on by the resident bully.

The U.S. phone giants and their Mexican joint-venture companies contend that Telmex, which was privatized in 1990 but had no competitors until last year, is being favored by government regulators, who are allowing the company to charge "exorbitant" rates and pocket massive subsidies.

Through their Mexican partners, AT&T and MCI now offer long-distance service to Mexican consumers. But AT&T and MCI must use Telmex's local phone network to complete their international and domestic long-distance calls, and company officials

contend that their Mexican joint ventures cannot make a profit when they are being forced to give more than 70 percent of their revenue to Telmex.

MCI says it must charge at least 49 cents per minute on calls from the United States to Mexico to recover its fees. It charges only 12 cents per minute to Canada and Britain.

"MCI knows how to compete, but we cannot do so against a heavily subsidized Telmex, whose strategy of open discrimination and anti-competitive abuse has been tolerated for far too long," said Gerald Taylor, MCI chief executive, in a Jan. 28 letter asking William Kennard, the chairman of the Federal Communications Commission, to intervene on his company's behalf.

But some communications analysts said the U.S. companies, rather than being caught in an unfair fight, are victims of their own rash style and inflated expectations.

"This notion that Telmex is the behemoth and poor little MCI and AT&T are getting beat up is ridiculous," said Ray Light, a telecommunications analyst at Merrill Lynch & Co.

"Rather than adapt to the Mexican style of negotiation and conciliation, they have been very adversarial, es-

pecially Avantel," he said, referring to the MCI joint venture. "This is a bed U.S. carriers made for themselves."

Analysts said that when U.S. companies decided to enter the Mexican phone market, which became fully privatized on Jan. 1, 1997, they underestimated the strength of Telmex and overestimated how many customers they could steal from the former monopoly; in the end, each grabbed about 12 percent of the domestic and international long-distance market.

Partly because of the U.S. companies' own poor forecasting, Telmex was granted favorable treatment to protect it from an onslaught that never occurred; now MCI and AT&T are hemorrhaging hundreds of millions of dollars and threatening to drag Mexico and the United States into a trade war.

A dispute could hurt Mexico's effort to lure foreign investment and stymie the delivery of advanced communications technologies that Mexico needs to become more integrated with its main trading partner, the United States.

"The Mexican government is trying to get foreign investment in Mexico, and if investors think they're not opening their largest market — the telecommunications industry — or that they're not creating a level playing field for foreign investors, that could affect

See FEUD, Page 13

Moody's Downgrades Hong Kong's Credit

Ratings Agency Also Sours on China's Debt

By Philip Segal
International Herald Tribune

HONG KONG — The ratings company Moody's Investors Service Inc. downgraded Hong Kong's short-term credit rating Friday for the first time since it was assigned in 1984, and changed the outlook on Hong Kong's long-term foreign-currency debt and bank deposits to "negative" from "stable."

In a separate announcement, Moody's also changed its outlook to "negative" for China's foreign-currency debt, hinting at problems associated with Beijing's reluctance to devalue its currency for fear of causing a collapse in the Hong Kong dollar.

The moves signaled Moody's belief that the effects of Asia's economic crisis could plague Hong Kong and China for another two years.

"Although Hong Kong's fiscal situation and regulatory environment remain sound, financial markets could suffer further volatility during the coming year or two as a result of market uncertainties concerning exchange rate alignments in the region," Moody's said.

As for China, "policy constraints associated with exchange rate management" following the handover of Hong Kong to China last July could have an "adverse" effect on the competitive-ness of Chinese exports, it said.

The rating cut means it will cost about a quarter of a percentage point more for even Hong Kong's most creditworthy borrowers every time they seek to raise short-term funds in the international debt markets.

The Moody's action affects two of the economies least hurt by the seven-month-old Asian financial crisis. Hong Kong's stock market may have plunged as much as 51 percent from a high reached last summer, as the government has more than doubled interbank interest rates to protect the fixed exchange rate of the Hong Kong dollar.

But the damage to the financial system has so far been far less dramatic than in Indonesia, South Korea and most of the remaining countries in the region.

In China, export growth remained strong in the second half of 1997, but there are worries — underlined by Moody's — that currency depreciations in the rest of Asia will cause Chinese exports to slow this year. In addition, China's banking system is thought to be laden with far more bad loans than is officially recognized by the authorities there.

After the announcement, the key three-month interest rate banks in Hong Kong charge each other rose by a quarter of a percentage point. But stocks, which initially fell by more than 200 points on the Moody's news, recovered to close slightly higher. The benchmark Hang Seng Index rose 18.52 points, to 10,599.79.

Anthony Chan, an economist at HSBC James Capel, was reluctant to read too much future bad news into the Moody's rating. "It's a delayed response to the financial crisis. We're seeing corporate earnings in Hong Kong decelerating," he said.

More bearish was Andrew Ballingal, a strategist at Schroders, who said he expected interest rates to rise in Hong Kong beyond where they ended on Friday. The spread between U.S. Treasury yields and comparable Hong Kong bond yields was now about 3 percentage points, he said, but he forecast a spread of 5 percentage points or more in the short term as currency worries persist.

Long-term debt for Hong Kong companies is not necessarily affected by a change in a ratings "outlook," which is a less severe movement than an actual downgrade, but the treasurer of Hong Kong's government-owned Mass Transit Railway Corp., Jimmy Lau, said the prices of that company's U.S. dollar-denominated debt already issued may well fall because of the Moody's announcement. That means investors would demand a higher interest rate on the bonds in return for a perceived greater risk in holding them.

Stella Lam, a spokeswoman for Mass Transit Railway Corp., called the Moody's downgrade "unjustified," citing the corporation's "strong and robust" financial condition. "We have sufficient financing resources and commitments in place to cover our expected requirements well into 1999," she said.

Moody's is traditionally more aggressive toward Hong Kong than its major rival ratings agency, Standard & Poor's Corp. While Moody's assigns the same ratings to Hong Kong and China, S&P assigns a significantly higher rating to Hong Kong. S&P's ratings remained unchanged Friday.

"I disagree entirely with the conclusions of Moody's," said Hong Kong's financial secretary, Donald Tsang.

"They seemed to have ignored that Hong Kong Special Administrative Region is a distinctly different economic setting as from Mainland China."

Dancing With Bears: IMF Labors to Keep Russia on Track

By David Hoffman
Washington Post Service

MOSCOW — In his annual address to Parliament this week, President Boris Yeltsin declared that Russia was ready to wean itself from the International Monetary Fund, and that the current \$10 billion, three-year loan from the fund "should be the last."

Two days later, the managing director of the fund, Michel Camdessus, wound up a visit to Moscow by announcing that the lending program would be extended for a fourth year, until 2000, and Russian officials heaved a sigh of relief.

The two events demonstrated anew that Russia and the international fund have yet to let go of each other. Since the collapse of the Soviet Union, the fund has been the West's chief financial pipeline to Russia as it struggles to build a market economy out of seven decades of central planning.

The profound disorder in Russia's public finances has been on display for some time. On Friday, in a final spurt of discord, the lower house of Parliament, the State Duma, failed to muster enough votes for the annual budget after four readings for a fiscal year that has already begun.

Russia's economic transition remains fragile and has become even more so

since the Asian economic crisis shook the faith of many foreign investors in emerging markets and forced Russia to raise interest rates just as it was hoping to reignite growth after years of depression.

At the same time, analysts said that the IMF cannot walk away from Russia. That approach could trigger still more instability.

Russia "hasn't graduated out of the program," said Al Breach, an analyst at the Russian Economic Center for Economic Policy here. "Their finances and economic variables are not in fine order."

But, he added, the IMF "clearly has to keep on lending. They have to be here. They can't walk out when things are fragile and the fiscal situation is a mess."

In extending the lending program to a fourth year, Mr. Camdessus did not specify the precise amount of additional lending, but he said the IMF would relax some of its previous rigid targets for revenues and spending.

Many experts have said a realistic budget and a new tax code are the next critical steps in Russia's transition.

In recent years, the 450-member Duma, dominated by Communists and nationalists, has enacted wildly unrealistic budgets that were ultimately ignored, since there was never enough

money to pay for all the promises.

Mr. Camdessus also stressed the need to slash spending.

In a joint statement, Prime Minister Viktor Chernomyrdin and Mr. Camdessus declared that Russia would make "comprehensive efforts" to cut spending.

But soon after he departed, the drift of the Duma was again evident. The government recently proposed slicing about \$4.7 billion from the new budget, but Parliament rejected the austerity measure on Friday and then failed to approve the overall budget before adjourning for a recess.

Grigori Yavlinsky, whose centrist Yabloko bloc voted against it, said the budget was "inflated" with money "taken from taxes. It couldn't have been taken from taxes."

Mr. Camdessus also injected a new theme into the IMF's advisory role here.

calling on Russia to improve "corporate governance," saying that Russia's huge conglomerates must be more transparent with their accounts and observe the rule of law.

First Deputy Prime Minister Boris Nemtsov declared that the failure to establish control over Russia's monopolies had already resulted in "a dictatorship" of financial-industrial groups. "Unless we establish control over monopolies and rebuff the increasingly insolent industrial groups," he added, "a gloomy end awaits us. We can expect economic collapse, as happened with the 'Asian Tigers.'"

World Bank to Lend \$2 Billion

The World Bank expects to lend Russia about \$2 billion this year but has had trouble getting a number of new projects off the ground, officials said on Friday, Reuters reported from Moscow.

Michael Carter, head of the bank's Moscow mission, cautioned Friday that 1998 lending figures so far were preliminary.

"New commitments in 1998 would be on the order of about \$2 billion," he said. Last year the World Bank disbursed a total of \$2.7 billion to Russia.

World Bank aid to Russia, in the form of loans to the government that are conditioned on agreed reforms, is aimed at specific infrastructure projects and at carrying out reforms, such as the restructuring of the coal industry.

But the continuation of support is based on Moscow spending the loans as agreed, and some programs are taking longer than expected to begin.

Johannes Linn, the bank's vice president for Europe and Central Asia, said further agreements could be jeopardized if Russia failed to pass a budget this year.

Louis Vuitton Returns to Its Paris Roots

Asian Slowdown Forces Luxury-Goods Maker to Focus on Europe

By Jacqueline Simmons
Bloomberg News

PARIS — Louis Vuitton is returning to the Champs-Elysees after a 44-year absence from the most prestigious shopping avenue in Paris, as a slowdown in Asia's economy forces the luxury-goods retailer to focus on Europe.

The largest unit of LVMH Moët Hennessy Louis Vuitton SA, the world's biggest luxury-goods company, opened a 900 square meter (10,000 square foot) store on Friday on the grand avenue. The store, and at least a dozen other new ones like it, will sell clothes carrying a Louis Vuitton label for the first time. Only two stores are planned for Asia, which last year accounted for half of LVMH's revenue.

The slowdown in Asia in recent months has hit sales at LVMH — and its share price — and persuaded the company's executives that they need to reconquer the European market, where economic growth is likely to accelerate this year, analysts said. Most of the new stores will be based in Europe and the United States, including New York, Los Angeles, London and Milan.

"Southeast Asia will be problematic in 1998," said Cedric Magnolia, an analyst at Credit Suisse First Boston. He said Louis Vuitton, a maker of leather bags, luggage and other accessories, would see sales growth slow to 12 percent in 1998, compared with 20 percent in 1997.

LVMH shares have been the worst performers in France's benchmark CAC-40 index over the past 12 months, losing a fifth of their value and wiping 23 billion francs (\$3.77 billion) off the company's market capitalization. The shares rose 21 francs Friday, to 1,121.

Yves Carcelle, Louis Vuitton's chief executive, declined to assess the overall impact of the Asian slowdown on the company. He said that sales in Hong

and Celine clothes as well as its traditional line of luggage and handbags in its 228 stores. Clothes and shoes will account for 15 percent to 20 percent of sales volumes in the new stores, Mr. Carcelle said.

"We're seeing a very strong pickup in spending in Europe and North America," he said. "We can benefit."

The U.S., German and French economies are expected to grow between 2.5 percent and 3 percent this year, compared with 1 percent in Japan.

Louis Vuitton generated a quarter of LVMH's overall sales of \$7.88 billion last year and about one-third of its operating profit.

The company was created in 1854 and first began selling trunks. It opened a store on the Champs-Elysees in 1914 and then closed it in 1954 to move to nearby Avenue Marceau. The Marceau store will close to make way for the Champs-Elysees outlet, which is 30 percent bigger.

In the past decade, LVMH has steadily expanded in Asia to meet booming demand for its luxury goods — which also include Hennessy cognac, Dom Perignon champagne and Dior fragrances.

Part of LVMH's new strategy includes selling clothing bearing the Louis Vuitton label.

Kong, which accounts for about 10 percent of revenue, were "drastic," as were sales in other Asian countries that linked their currencies to the dollar, such as Singapore.

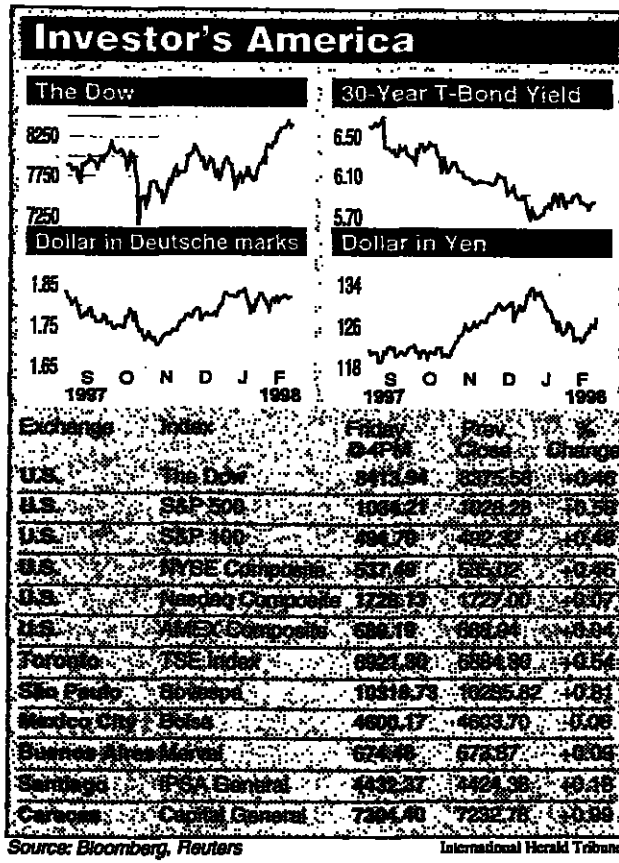
Louis Vuitton sales rose 12 percent in the fourth quarter after rising an estimated 22 percent in the third quarter, analysts said. Much of the slowdown in the final quarter, they said, was due to a decline in Asian purchases, including Japanese shoppers, who buy about 40 percent of LVMH goods.

LVMH hopes to lure Parisian shoppers by adding clothing by the New York designer Marc Jacobs to its product line. Louis Vuitton said Loewe

CURRENCY & INTEREST RATES

Feb. 20									
Cross Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
American	1.00	0.75	0.50	106.50	0.68	0.45	7.75	20.50	3.40
British	1.60	1.00	0.70	163.00	1.05	0.68	125.00	33.00	5.30
French	1.36	1.00	0.66	136.00	0.90	0.58	105.00	28.00	4.50
German	1.93	1.00	0.93	193.00	1.36	0.88	145.00	39.00	6.30
Italian	1.93	1.00	0.93	193.00	1.36	0.88	145.00	39.00	6.30
Japanese	106.50	141.00	71.00	1.00	157.50	101.00	13.75	35.50	5.60
Australian	0.68	0.92	0.65	72.50	1.00	0.67	8.75	23.00	3.60
New Zealand	0.45	0.60	0.44	45.00	0.67	1.00	11.25	29.00	4.60
Hong Kong	7.75	102.00	50.00	775.00	112.50	72.50	1.00	26.00	4.10
Taiwan	20.50	272.00	136.00	2050.00	307.50	197.50	26.00	1.00	1.60
Thailand	3.40	45.00	22.50	340.00	51.00	33.00	4.10	1.00	0.16
Philippines	48.00	630.00	315.00	4800.00	720.00	465.00	56.00	7.20	1.12
Malaysia	3.40	45.00	22.50	340.00	51.00	33.00	4.10	1.00	0.16
Indonesia	1575.00	20625.00	10312.50	157500.00	23625.00	15375.00	1962.50	245.30	3.92
South Korea	205.00	2720.00	1360.00	20500.00	3075.00	1975.00	260.00	66.00	1.04
China	20.50	272.00	136.00	2050.00	307.50	197.50	26.00	6.60	0.10
India	48.00	630.00	315.00	4800.00	720.00	465.00	56.00	7.20	1.12
South Africa	13.75	180.00	90.00	1375.00	206.25	137.50	17.50	45.00	0.70
Israel	20.50	272.00	136.00	2050.00	307.50	197.50	26.00	6.60	0.10
Israel (new)	20.50	272.00	136.00	2050.00	307.50	197.50	26.00	6.60	0.10
Israel (old)	20.50	272.00	136.00	2050.00	307.50	197.50	26.00	6.60	0.10
Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Citicorp, Credit Lyonnais.									
Libid-Libor Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
1-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
3-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
6-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
1-year	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Citicorp, Credit Lyonnais.									
Key Money Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
1-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
3-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
6-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
1-year	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Citicorp, Credit Lyonnais.									
Forward Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
1-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
3-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
6-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
1-year	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Citicorp, Credit Lyonnais.									

THE AMERICAS



Tokyo Plan For Reform Batters Yen

NEW YORK — The dollar rose against the yen and against most major European currencies Friday as markets registered disappointment with Japan's economic plan.

In 4 P.M. trading, the dollar was at 127.95 yen, up from 126.02 yen Thursday, and at 1.8213 Deutsche marks, up from 1.8163 DM.

Against other major currencies, the dollar was up 1.4690 Swiss francs from 1.4667 Thursday, and climbed to 6.1160 French francs from 6.0880.

The pound rose to \$1.6380 from \$1.6372.

Japan's plan to restart its economy, announced Friday, contained

FOREIGN EXCHANGE

moves toward reforms but no tax cuts or new spending that might have stimulated domestic demand.

That, in turn, caused traders to slash their yen positions in favor of other reserve currencies, including the dollar and the mark.

"The Japanese plan was a big disappointment," said Doug York, manager of foreign exchange at Campbell & Co.

"The dollar could rise to 135 yen in coming days as the market realizes genuine relief for Japan is just not going to come."

In London, an influential U.S. economist, C. Fred Bergsten, said Japan's strategy of continually putting forward inadequate economic packages would fail at some point, and there was a risk of a sharp fall in the yen as a result.

"They've had a package almost every six months for the last five years," Mr. Bergsten, the director of the Institute for International Economics, said.

Traders also said they were waiting to see what the meeting this weekend of top finance officials from the Group of Seven industrialized nations would bring.

The U.S. Treasury secretary, Robert Rubin, said Friday that the group would discuss currency policy, as usual, but that he expected no change in position.

G-7 finance ministers are expected to issue a communiqué Saturday focusing on foreign-exchange rates, a senior official at Japan's Ministry of Finance said.

The G-7 has not issued a formal communiqué, which sends a stronger message than a chairman's statement, since April. (AP, Market News, Reuters, Bloomberg)

Antitrust Officials Widen Microsoft Inquiry

WASHINGTON — The Justice Department, expanding its antitrust investigation of Microsoft Corp., has sent civil subpoenas to MCI Telecommunications Corp., Sprint Corp., America Online Inc., EarthLink Network Inc., spokesmen for all four companies confirmed Friday.

They are the latest companies to receive a request for information from the Justice Department, as antitrust enforcers gather evidence that could lead to a broadside attack on Microsoft's business practices.

Wired Ventures Inc., publisher of Wired News, and Cnet Inc., which publishes news.com on the Internet, confirmed two weeks ago that they had received subpoenas.

MCI received the civil subpoenas this week, said a spokeswoman, Jamie DePean. She would not comment on what information the Justice Department was seeking from MCI, the nation's second-largest long-distance telephone

company and a major provider of Internet service. She said the company would fully comply with the government's request.

Tricia Primrose, an AOL spokeswoman at the company's headquarters in Dulles, Virginia, also confirmed the receipt of subpoenas, but declined to comment further.

The government is trying to determine whether the companies agreed to favor Microsoft's Internet Explorer, which allows users to browse through the World Wide Web, over Netscape Communications Corp.'s browser, Netscape Navigator.

Pasadena, California-based EarthLink is one of a number of Internet service providers that agreed to distribute Explorer by bundling the browser with its Internet access software.

In an antitrust suit filed in October, the Justice Department said Microsoft was using its dominance in the Windows 95 operating system to unfairly gain market share for Explorer.

The government's case against Microsoft contends that the company violated a 1995 antitrust agreement by requiring computer makers to install its Internet Explorer browser as a condition for getting Windows.

Microsoft disagrees, saying the two programs are integrated and cannot be separated as the government wants.

Justice Department officials also are examining Microsoft's agreements with its business partners to see if they include exclusivity or preferential terms intended to lock out such rivals as Netscape.

A Microsoft spokesman, Jim Callinan, said the Redmond, Washington-based company was cooperating fully with the government and was confident its practices would be found within the law. Spokesmen for the Justice Department did not immediately return phone calls seeking comment. Microsoft shares closed Friday at \$155.125, up 25 cents.

(AP, Bloomberg)

Very briefly:

- Columbia/HCA Healthcare Corp., a health-care company that is being investigated by federal regulators for fraud, has agreed to sell its ValueRx pharmacy benefit-management company to Express Scripts Inc. for \$445 million in cash.
- The New York Stock Exchange is close to a deal with the city to move its trading floor for the first time since 1903 as it seeks more space to accommodate an increase in listings and trading volume.
- America Online Inc. was ordered by a Chicago judge to pay a settlement in a class-action lawsuit filed by subscribers who had trouble accessing the network last year.
- Adaptive Inc., a computer component maker, agreed to acquire another component maker, Symbios Inc., from Hyundai Electronics of America in a deal worth \$775 million.
- Peru raised its 1998 budget by 233.8 million soles (\$83.8 million), or 0.81 percent, to pay for damages caused by El Niño-related flooding.
- Boeing Co.'s 737-700 jetliner passed European aviation regulators' design and testing requirements, allowing the aircraft to enter passenger service with airlines throughout Europe.

Reuters, AP, Bloomberg

Gulf Canada to Sell 4 Oil Fields

Bloomberg News

CALGARY, Alberta — Gulf Canada Resources Ltd. plans to sell its North Sea oil fields and spin off part of its Western Canadian natural-gas pipelines and processing businesses to raise 850 million Canadian dollars (\$600 million) to lower its debt, the company said Friday.

Gulf will sell its interest in four British North Sea oil fields that it does not operate, a U.S. coal field and exploration lands in Nevada and some nonproducing Canadian assets.

Gulf Canada shares rose 55 cents to close at 7.65 dollars on the Toronto Stock Exchange.

Stocks Mixed as Profit-Takers Sweep Floor

NEW YORK — Stocks were mixed Friday, with a key blue-chip index rising and pricey sectors growing more attractive after a second session of profit-taking on Wall Street's monthlong rally.

The Dow Jones industrial average closed up 38.36 points at 8,413.94, recovering from a 57-point drop. Declining issues outnumbered advances by a 9-to-7 ratio on the New York Stock Exchange.

Broad stock indicators also reversed course as investors secured some more gains from the market's record-setting advance.

The Standard & Poor's 500-stock index closed up 5.93 points at

1,034.21. The Nasdaq composite index, packed with technology shares, rose 1.12 points to 1,728.13, having spent most of the day in negative territory despite strong perfor-

U.S. STOCKS

mances from Intel and Dell Computer, which both rose.

The expiration of options on common stocks and stock futures made for sudden swings in the market Friday as investors bought or sold shares they used to hedge options positions.

Airlines stocks fell on expectations that Asia's economic crisis will hurt earnings. Among the de-

cliners were US Airways Group, Delta Air Lines, Continental Airlines, Southwest Airlines, UAL Corp., parent of United Airlines, and AMR Corp., parent of American Airlines.

"I've got to believe that 1998 is going to be much more challenging than last year because the turmoil in Asia is going to hurt corporate profits," said Charles Crane, chief market strategist at Key Asset Management Inc.

Key Asset recently bought shares of 360 Communications and Airtouch Communications on expectations that demand for phone service will grow.

Some investors are mistakenly

"dismissing Asia, as if that was that and now we're going to move on," said Robert Doll, director of equity investments for Oppenheimer Funds. Mr. Doll said he was keeping 40 percent of the \$2 billion Oppenheimer Growth Fund he manages in cash until more stocks fall.

Oil stocks were hit by news Thursday night that the Justice Department may sue several oil companies for not paying royalties due on oil produced on federal land. Among U.S. oil stocks, Mobil and Chevron fell Friday.

Smart Modular Technologies shares fell as much as 19 percent after the maker of memory devices used in computers warned that second-quarter revenue and profit would fall from the first quarter. A customer chose not to buy one of Smart's products on concern that the company could not meet supply requirements, Smart said.

On the upside, Merck shares rose, benefiting from the countercyclical nature of drug stocks. Investors often buy such stocks when they expect the economy to slow because customers need medicine even in bad times.

Callaway Golf rose sharply. The maker of golf equipment was cited in a magazine article as a takeover candidate.

Bonds were little changed, with the price of the benchmark 30-year slipping 8/32 to 103 1/32, pushing the yield to 5.86 percent from 5.84 on Thursday.

(Bloomberg, AP, Reuters)

Morgan Stanley Finds Name a Mouthful

Bloomberg News

NEW YORK — Morgan Stanley, Dean Witter, Discover & Co. is finding a 10-syllable, five-word name a mouthful. The company said Friday that it would drop the Discover credit card label from its title.

The change to Morgan Stanley Dean Witter comes just eight months after the investment bank Morgan Stanley Group Inc. and the brokerage and credit card company Dean Witter, Discover & Co. merged to form the biggest U.S. securities firm based on equity capital.

"We must brand this new franchise with a recognizable" name,

said the chairman and chief executive, Philip Purcell. "Morgan Stanley and Dean Witter are two established, respected brand names, one in the institutional marketplace, the other with individual consumers."

Separately, the company disclosed that Mr. Purcell earned \$14.4 million in 1997, more than three times as much as in 1996.

The head of the second-biggest American securities firm in terms of capital took home a \$775,000 salary, \$9.7 million in bonus and \$3.94 million in restricted stock and other compensation. The company also

gave him 1.12 million options to buy Morgan Stanley stock.

The company paid John Mack, its president and chief operating officer, a total of \$13.6 million for 1997, up 30 percent from what he earned in 1996. That includes \$775,000 salary, \$9.7 million bonus and \$3.14 million in restricted stock. Mr. Mack also got options to buy 126,126 Morgan Stanley Dean Witter shares.

The jump in compensation came as shares of Morgan Stanley Dean Witter soared 59 percent in the past year, outpacing the Standard & Poor's 500 Index's 28 percent gain.

AMEX

Friday's 4 P.M. Close

The 300 most traded stocks of the day, up to the closing on Wall Street. The Associated Press.

Stock	Sales	High	Low	Last	Chg
IBM	1,234,567	120.50	119.75	120.00	+0.25
Microsoft	987,654	155.125	154.875	155.000	+0.125
Nasdaq	1,567,890	1,728.13	1,725.00	1,728.13	+3.13
Dow Jones	8,413.94	8,413.94	8,413.94	8,413.94	+38.36
Standard & Poor's	1,034.21	1,034.21	1,034.21	1,034.21	+5.93
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EUROPE

Paris Denies
Sale of Stake
In Renault

Reuters

PARIS — The French government and Renault SA shot down reports Friday that the state would cut its 44 percent stake in the carmaker and that the company might sell its loss-making truck unit.

But analysts said the recurring sale rumors would probably arise again because both scenarios made sense.

With Renault's stock hovering near record levels and its results improving, the government would have little difficulty finding buyers for Renault shares, analysts said.

News reports Friday said France would probably sell at least 25 percent of its stake in the carmaker, but not before 1999. The Finance Ministry said speculation fueled by the report was unfounded.

"The feeling in the market is that the sale of Renault shares is one of the easier ways the government has to raise money through privatizations," said John Lawson, analyst at Salomon Smith Barney.

The French government is working on the sales of the insurer GAN, its bank subsidiary CIC and part of Air France.

"It's just a matter of time before it gets around to Renault," Mr. Lawson said.

Analysts also said a sale of its truck business, Renault Vehicules Industriels, would make sense from a financial and industrial point of view.

"There is a broad consensus among analysts that RVI will never make satisfactory returns stumbling alone as it does," said Nick Snee, a car analyst at I.P. Morgan.

"Its future would be better served by combining it with another truck producer," he said. "That would be a win-win situation for Renault and for the truck business."

The truck unit lost 791 million francs (\$129.7 million) in 1996 and Renault has said 1997 results would bring further losses before returning to profit in 1998.

A Management Shakeup at Telecom Italia

Compiled by Our Staff From Reuters

ROME — A management shakeup at Telecom Italia SA has left the Agnelli family, which controls a stake of just 0.6 percent, as the main center of power in Italy's former state telephone monopoly, investors and government officials said Friday.

But although the shakeup had been expected, analysts said it was likely to usher in a period of uncertainty at a time when deregulation of the telecommunications market poses tough new challenges for the company.

Telecom Italia's chief executive, Tommaso Tommasi di Vignano, resigned last Thursday after Telecom's new chairman, Gian Mario Rossignolo, introduced a fresh management structure that would curb Mr. Tommasi's powers. An earlier attempt to clip Mr. Tommasi's wings by Mr. Rossignolo's predecessor, Guido Rossi, failed and prompted Mr. Rossi's resignation.

Mr. Tommasi's departure signaled the end of the state-appointed managers who had run the giant company until its privatization in October, and victory for the new team of executives installed by private shareholders.

"The changes create a situation of instability and poor morale at the top," said Monica Bello, an analyst at Sella Asset Management. "The company needs to find the right balance of power between the new shareholders and the old management."

The company, the world's seventh-largest telecommunications company, also appointed a new board in October.

That group owns about 6 percent of the company and includes the banks Credito Italiano and Istituto Bancario San Paolo di Torino.

The Agnelli family holding company, Agnelli family holding company, and AT&T Corp.

The shakeup leaves most power in the hands of Mr. Rossignolo, who spent 22 years in the Agnelli's employ, and three general-directors — one of whom represented the Agnelli on Telecom Italia's board.

"The Agnelli is running the place now," said Giulio Baresani, who manages \$500 million live (\$277 million) at Prudential Fondi SpA. "It sounds absurd, but while investment funds that have a bigger stake cannot express their opinion, one powerful family can practically gain control with less than 1 percent."

A spokesman for Ifl said he could not comment about the telephone company's affairs.

Senator Michele Lauria, under-

Change Leaves Agnelli in Control

Compiled by Our Staff From Reuters

Bancario San Paolo di Torino, the Agnelli family holding company, and AT&T Corp.

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Rank Restructure
Helps It to Profit

Compiled by Our Staff From Reuters

LONDON — The British leisure company Rank Group PLC announced Friday it had returned to a profit in 1997 as it reaped the benefits of a two-year reorganization and rising consumer spending.

Net income after charges was £196 million (\$320 million), compared with a net loss after charges last year of £231 million. Rank took a one-time charge from the sale of businesses of £43 million.

Rank, owners of the Hard Rock Café chain, Mecca bingo halls and Butlins holiday camps, reported by 8.3 percent to £2.01 billion.

Total dividend was raised 5.9 percent to 18 pence.

Andrew Teare, chief executive, said a robust economy would help consumer spending and an investment program over was paying off.

The leisure division improved profits 15 percent to £107 million, with much of the improvement coming from the group's Odeon cinemas, where admissions rose 24 percent.

Rank shares closed Friday in London at 320 pence, down 11.

(Reuters, Bloomberg)

French Retailer to Buy 47.5% of U.S. Firm

Bloomberg News

PARIS — Pinault-Printemps-Redoute SA said Friday that it would buy 47.5 percent of Brylcreme Inc., a U.S. catalogue retailer, for 2.7 billion francs (\$442.8 million) to further the French company's expansion abroad.

France's biggest nonfood retailer will pay \$51 a share, equal to Brylcreme's closing stock price Thursday. It will buy 40 percent from Freeman Spogli, an investment fund, and the U.S. clothing retailer Limited Inc., and a further 7.5 percent from investors who include Brylcreme managers.

The offer will not be extended to other shareholders.

Brylcreme, which is based in New York, had 1997 sales of \$1.3 billion and sells its clothes through specialty catalogues, including lines for large-sized women. Its catalogue names include King Size, Lane Bryant and Chadwick's.

The purchase marks the first step into the United States by Redoute, the mail-order unit of Pinault-Printemps-Redoute. It is part of a plan by the parent company to generate half its revenue from outside France by 2000. With the acquisition, more than 45 percent of revenue will come from abroad, the company said.

French consumer spending rose just 0.2 percent last year, leaving exports the main driver for economic growth. Retailers' expansion in France is also limited by restrictions on construction on new stores.

Other retailers, including Carrefour SA and Promodes SA, have

made acquisitions abroad in recent months to become less reliant on their home market.

Pinault-Printemps already owns Rexel Inc., a U.S. electrical products distributor. Earlier this month, that unit bought the electrical supply business of the Ideal companies in Australia and New Zealand. That came after the January purchase of a similar business in the region owned by General Electric Co.

For L'Oréal, the sale is part of a move to improve profits, which rose 18.3 percent in the fourth quarter after a 2 percent gain in the third. On Feb. 17, it announced plans to sell its majority stake in Abercrombie & Fitch Co. to Limited shareholders.

Limited plans to improve its Limited Express, L'Oréal and Lane Bryant stores, which all sell women's clothing and accessories.

"The Limited is in a tough situation in terms of profitability," said William Maffei, a portfolio manager for John Hancock Funds, which owned 181,800 shares of Abercrombie & Fitch as of December.

Pinault-Printemps said the acquisition of the Brylcreme stake should have a "positive" impact on its earnings per share this year. It had 1997 earnings per share of 117.3 francs, before items, compared with 92.22 francs a share in 1996.

Pinault-Printemps shares fell 14 francs, to close Friday at 3,910.

Investor's Europe

Compiled by Our Staff From Reuters

Frankfurt DAX 4750 4500 4300 4100 3900 3700 3500 3300 3100 2900 2700 2500 2300 2100 1900 1700 1500 1300 1100 900 700 500 300 100

Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	AEX	1,019.77	1,015.41	+0.43
Brussels	BEL-20	2,678.51	2,680.14	-0.06
Frankfurt	DAX	4,602.65	4,582.40	+0.44
Copenhagen	Stock Market	695.56	696.35	-0.06
Helsinki	HEX General	3,969.65	3,955.77	+0.35
Oslo	OBX	673.43	674.39	-0.14
London	FTSE 100	5,761.60	5,718.50	+0.58
Madrid	Stock Exchange	741.60	730.79	+1.48
Milan	MBTEL	19299	19528	-1.17
Paris	CAC 40	3,262.60	3,250.83	+0.37
Stockholm	STX 15	3,579.47	3,580.13	-0.01
Vienna	ATX	1,337.71	1,333.11	+0.34
Zurich	SPI	4,328.29	4,308.49	+0.46

Source: Reuters	International Herald Tribune
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Very briefly:

- Bass PLC, Britain's second-largest brewer, which is also in the hotel, restaurant and pubs business, is close to an agreement to buy the Inter-Continental Hotels & Resorts chain from Japan's Saison Group for more than \$2.8 billion, a person familiar with the situation said.
- Moody's Investors Service Inc. is to review Greece's long-term foreign-currency debt rating for a possible downgrade on concern the country's policy of using interest rates to defend the drachma will increase its debt burden. It will also review the rating for drachma-denominated debt.
- French industrial production excluding construction rose 2.3 percent in December from the previous month and was up 6.3 percent in the three months to December from the same period a year earlier.
- The French government said it would announce Monday the future of state-owned airline Air France and would present the government's position on privatizing the airline, the Transport Ministry said.
- Skandia AB of Sweden, the Nordic region's largest insurer, said its operating profit in 1997 more than doubled to 6.01 billion kronor (\$742 million). The company also announced a five-to-one share split.
- Scania AB, a Swedish maker of trucks, posted a 1997 profit of 2.75 billion kronor, compared with 2.71 billion in 1996. Sales were 39.72 billion kronor, compared with 33.73 billion kronor in 1996. But the company said it expected financial troubles in Southeast Asia to hit demand for its vehicles in the current year.
- Dresdner Bank AG of Germany, raised taxable profit last year by almost 20 percent from 1996, to 3.3 billion Deutsche marks (\$1.82 billion).
- EA-Generali AG, an Austrian insurer, said net income rose to 650 million schillings (\$51.2 million) from 602 million schillings in 1996.

Bloomberg, AFP, Reuters

WORLD STOCK MARKETS

High Low Close Prev.

Friday, Feb. 20

Prices in local currencies.

Telecom

High Low Close Prev.

Amsterdam

AEX Index: 1019.77

Previous: 1015.41

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The Associated Press.

**BUSINESS
TELEPHONE**

ASIA/PACIFIC

Asian Woes
Dent Japan's
Car Exports

TOKYO — Toyota Motor Corp.'s exports fell for the first time in almost a year in January, the company said Friday, in a clear sign that Asian economic turmoil is hurting Japan's automakers, many of which are already suffering from a domestic sales slump.

But other Japanese automakers reported a rise in exports of as much as 4.5 percent last month from a year earlier, as strong sales in Europe and the United States offset declines in Asia.

Toyota, the industry leader, said overall exports in January fell 1.9 percent from a year earlier to 129,668 vehicles, marking the first decline in 10 months. Its exports to Asia fell a steep 42.7 percent from a year earlier to 5,884 and to Thailand by a precipitous 89.9 percent.

"The impact of economic woes in Southeast Asia is now apparent," a Toyota spokesman said. "We did not export a single car to Indonesia last month."

Toyota said it exported 59,690 vehicles to the United States, a rise of 4.5 percent from the same month a year ago, but that sales within Japan fell 24.6 percent from a year earlier, to 95,430 vehicles.

Other major Japanese carmakers — Nissan Motor Co., Honda Motor Co., Mitsubishi Motors Corp. and Mazda Motor Corp. — also said their exports to Southeast Asia fell sharply in January. Mitsubishi Motors said it did not export any cars to Indonesia, or Thailand in January.

Mazda, 33.4 percent owned by Ford Motor Co., said overall exports increased 10.7 percent to 72,634 vehicles, helping offset a 14.2 percent drop in domestic sales. Mazda's exports to the United States in January jumped 27.2 percent to 12,222 vehicles.

Nissan's overall exports rose 10.7 percent to 47,851, though exports to the United States fell 20.6 percent. Mitsubishi Motors said exports rose 21.1 percent to 39,045 vehicles.

While Japan's auto exports have risen for 19 straight months, imports have been down for 10 months.

"We're not trying to push exports," a Honda spokesman said. "It's just that demand is high overseas."

(Reuters, Bloomberg)

Currency Plan Hits Indonesian Markets

JAKARTA — The rupiah and the stock market slipped Friday on confusion surrounding a government plan to peg the shattered Indonesian currency to the U.S. dollar.

The currency-board system has dominated talk in financial circles for days, but there was no clear indication when, or if, it would go ahead.

"We keep getting these mixed signals from government officials," the chief researcher at a major Western corporation here said. "One day they're saying Suharto's keen on it and that it will go ahead anytime. The next, usually after some strong criticism from overseas, they're saying Suharto's reviewing the

plan, and you start to wonder if he's not going to dump it altogether."

The dollar rose to 8,900 rupiah Friday from 8,750 Thursday, while the benchmark stock index closed at 495.23 points, down from 496.25.

President Suharto surprised the markets Friday by guaranteeing a payout on all legal deposits in 16 banks liquidated last year. The government had previously said it would cover up to 20 million rupiah (\$2,285) in each account of the 16 banks, which amounted to a total of 1.7 trillion rupiah.

Analysts saw the move as an attempt to restore confidence in the government's ability to handle the economic crisis.

"This is good news, but I think we need more to calm people and recover confidence in the system," a treasurer with a major bank said.

Finance Minister Mar'ie Muhammad told a parliamentary banking committee that the amount guaranteed would total 3.1 trillion rupiah. He said the government had no legal obligation to do so, but it was a decision by Mr. Suharto.

The banks were closed last year as part of a reform program for the banking sector agreed with the International Monetary Fund.

Mr. Mar'ie said the funds would come from the central bank because the budget could not handle the burden. The government would reim-

burse the bank over 10 years. He said the Finance Ministry and the central bank, Bank Indonesia, were working on the technical details and planned to move quickly on returning the funds to depositors.

Mr. Muhammad did not back away from the currency-board plan Friday, fueling speculation it would be implemented.

But he left the time frame open, indicating the government might give in to demands led by the International Monetary Fund that no peg be introduced for the time being.

"During this process of currency-board system preparation, the president is carefully watching developments offshore and onshore," Mr. Muhammad told a parliamentary hearing.

But a sales director with a regional brokerage noted the more conciliatory tone of some officials on the peg plan and predicted a softening in the government's stance.

It could mean an agreement to implement the currency-board system in six months or more, a move that could be rewarded with the relaxation of some of the painful reforms Indonesia is obliged to carry out under the terms of a \$40 billion bailout deal with the IMF, he added.

"This would maintain a reasonable amount of rupiah stability ahead of the board," the sales director said.

(AFP, Reuters)

Citibank Suspends Plan to Buy Thai Bank

BANGKOK — Citibank NA has formally suspended ground-breaking moves to take over a crippled Thai bank, shortly after the government seized the bank for failure to make a recapitalization payment, the Thai bank said Friday.

Citibank, which announced in November that it would buy a 50.1 percent stake in First Bangkok City Bank PLC, has formally advised the bank that it has suspended an investigation of the bank

normally conducted as a preliminary step to a takeover.

First Bangkok City's president, Sirivuth Siambhakdee, said Friday that Citibank had informed the bank in writing that the process, known as due diligence, had been suspended and that any further due diligence "would be pursuant to a new contractual agreement."

The move puts on hold what was to be the first-ever takeover by a foreign institution of a Thai bank, analysts said.

The deal was seen as symbolically important for the troubled Thai banking sector, where loan quality has deteriorated and international funding has all but dried up since the baht was allowed to float in July.

The government seized First Bangkok City on Feb. 6 after the bank missed a deadline for a recapitalization. The bank fired its president and chairman in December as part of a reorganization ordered by the central bank.

Kia's Chief Threatens to Shut Factory if Unions Strike

SEOUL — The chairman of Kia Motors Corp., Jin Nyeum, said Friday he was trying to rescue the debt-ridden company by seeking peace with the unions, relief from creditors and capital from Ford Motor Co.

But the former labor minister said, "If labor strikes, then I will close the factory, and it will be the last day of Kia, not only for labor but for management."

Mr. Jin took a tough line on unions, as a collective bargaining agreement is set to expire at the end of March.

A new agreement would incorporate the possibility of labor force reductions, now that mass layoffs are possible under legislation passed last week, he said.

"Management would do its best to avoid layoffs," he said.

If labor and management could not agree on a new collective bargaining agreement, he said he would ask the unions to accept binding arbitration instead.

Mr. Jin said unions had agreed to forego their annual six-month bonuses. Coupled with the loss of overtime, that meant the pay packets of Kia workers have been cut in half.

A new collective bargaining agreement is essential to a restructuring plan that Kia is working out with its creditors as it goes into court receivership.

In October, creditors filed for court receivership for the embattled Kia Group, which also includes heavy vehicle maker Asia Motors, Kia Steel Co. and Kisan Co. The

group had amassed about 10 trillion won (\$5.85 billion) in debts.

Bankruptcy proceedings have not stopped the company from making and selling cars. On Friday, Kia Motors launched three new 4-wheel drive models for a total of nine models launched since December.

Its exports in January surged 113 percent over January 1997 to 24,914 units, while domestic sales fell 32.7 percent to 10,530 units.

Mr. Jin said the court should be able to approve a final court receivership plan by the end of April, once it gets input from creditors on Kia's financial and restructuring plans. Both the collective bargaining agreement and the receivership plan have to be in place before Kia can recapitalize under new share-

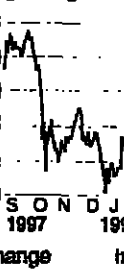
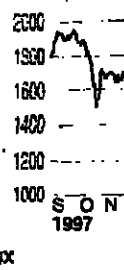
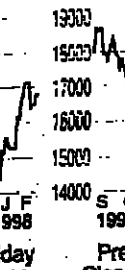
holders, Mr. Jin said.

Mr. Jin declined to give details of his negotiations with Ford, which holds a stake in Kia with Mazda Motor Corp., except to say it includes joint production and marketing of parts and vehicles along with a possible capital infusion.

Samsung Motors Inc., which is due to roll out its first passenger cars at the end of March, said earlier this week it is also talking with Ford about a tie-up.

Chung Mong Kyu, chairman of Hyundai Motor Co., expressed concern about a Kia takeover in a separate interview. "We will wait and see. But the government should not write off the debts of Kia to facilitate the takeover deal. That would set a bad precedent."

Investor's Asia

Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225	
					
Exchange	Index	Friday Close	Prev. Close	% Change	
Hong Kong	Hang Seng	10,588.79	10,581.27	+0.18	
Singapore	Straits Times	1,545.79	1,553.47	-0.49	
Sydney	All Ordinaries	2,645.10	2,658.80	-0.52	
Tokyo	Nikkei 225	16,766.24	16,816.48	-0.34	
Kuala Lumpur	Composites	728.06	723.50	+0.63	
Bangkok	SET	521.83	510.41	+2.24	
Seoul	Composite Index	522.13	513.45	+1.69	
Taipei	Stock Market Index	9,037.48	8,978.51	+0.66	
Manila	PSE	2,135.91	2,136.30	-0.02	
Jakarta	Composite Index	495.23	496.25	-0.21	
Wellington	NZSE-40	2,282.63	2,283.60	-0.48	
Bombay	Sensitive Index	3,417.30	3,437.64	-0.59	

Source: Reuters International Herald Tribune

Very briefly:

- Singapore Telecommunications Ltd., is in talks to buy at least 30 percent of Time Telecommunications Bhd., a Malaysian phone company.
- Singapore's key nonoil exports dropped 0.5 percent in January from a year earlier to 7.32 billion Singapore dollars (\$4.4 billion) as the Asian economic slowdown ate into overall trade, which declined 7.7 percent to 28.48 billion dollars.
- John Fairfax Holdings Ltd., an Australian newspaper publisher, said its net profit rose 13 percent from a year earlier to \$3.23 million dollars (\$35.3 million) in the six months ended in December. Sales rose 11 percent to \$67.85 million dollars.
- Boeing Co. said the Asia-Pacific region would need an estimated 4,845 commercial aircraft in the next 20 years, with China alone taking more than 1,900. Boeing said the new planes would be needed to meet rapidly growing traffic demands and to replace aging aircraft.
- Nomura Securities Co., Daiwa Securities Co., Nikko Securities Co., Okasan Securities Co. and Merrill Lynch Japan Inc. and four other brokerages operating in Japan are seeking to link their systems to major Japanese commercial banks' nationwide automatic teller machine networks.
- SM Summit Holdings Ltd., a Singapore CD-ROM maker, plans to sue a group of U.S. computer software makers, including Microsoft Corp., for damages because of an August raid of its headquarters on suspicion of software piracy.
- International Business Machines Corp. plans to set up a wholly owned computer parts-making subsidiary in the southern city of Shenzhen, China, by the end of February. IBM plans a \$20 million initial investment in Shenzhen IBM Technology Products Co., which would make a hard disk drive component.

Philippine Airlines Is Cutting Back

MANILA — Philippine Airlines Inc. said Friday it had reduced flights on international routes and delayed airplane purchases from Airbus Industrie Inc. and Boeing Co. to pull out of a slump caused by Asia's currency crisis.

The jets are part of a \$3.2 billion expansion program begun in 1995 by the Philippine flag carrier, commonly known as PAL. The carrier is seeking to slash its expenses by as much as 40 percent to stem mounting losses, said Jaime Bautista, the airline's chief financial officer.

Mr. Bautista said the airline would cut jobs as part of its cost-cutting measures. PAL has not determined how many of its 14,000 employees will be let go, he added.

Airlines throughout the region have fired workers and cut spending as weakening currencies lead to declining tourist traffic. Last month, Cathay Pacific Airways Ltd. of Hong Kong eliminated 760 jobs.

Airlines also have been cutting routes in the region. On Friday, Singapore Airlines joined the growing list of carriers reducing service.

"The economic downturn in the region has made it necessary" for Singapore Airlines to cut back its services to three Asian capitals, the island republic's flag carrier said. The airline will trim flights to Jakarta to seven daily

from eight and to Kuala Lumpur to 10 per day from 11, while traffic to Bangkok will be moderated by using smaller aircraft.

PAL has already reduced flights to Europe to 12 a week from 15. Flights to Hong Kong have been cut to three a day from the usual four, and those to South Korea have been reduced to six a week from nine.

The Philippine carrier reported Thursday that losses more than doubled to 2.64 billion pesos (\$66 million) in the last quarter of 1997.

The peso's devaluation on July 11 has increased the cost of paying for planes and servicing foreign debts by more than 50 percent. PAL's financing charges tripled in the three months ended Dec. 31.

Mr. Bautista said Airbus Industrie, from which PAL has bought 20 planes in the past few years, has agreed to delay the delivery of three jets without penalty. PAL also has requested that Boeing postpone delivery of six planes.

PAL, in a filing with the Philippines' Securities and Exchange Commission, said it had canceled orders for four of Boeing's 747-400 jumbo jets. It is already flying four of the \$160 million Boeing planes.

PAL is controlled by the tobacco magnate Lucio Tan, who also owns the country's second-largest beer company, Asia Brewery Inc. (Bloomberg, AP)

FEUD: U.S. Phone Giants Frustrated in Mexico

Continued from Page 9

foreign investment in other sectors," said Rikwan Ali, an analyst at Bear Stearns & Co.

MCI announced two weeks ago it would not go ahead with a planned \$900 million investment in new systems here, and AT&T officials said they were "close" to pulling the plug on a \$250 million they have budgeted for expanding Mexican operations. Both have appealed to the FCC to block Telmex's joint-venture expansion into the United States with Sprint Corp. unless Telmex renegates its charges with MCI and AT&T.

On Wednesday, MCI asked the Office of the U.S. Trade Representative to "implement all measures at its disposal" to end Mexico's "discriminatory treatment" of new phone companies here.

At issue are a series of fees Telmex receives from foreign carriers to connect calls to Mexico, and from competitors that use its phone network. The charges — a "settlement fee" of 39.5 cents per minute and an "interconnection fee" of about 7.1 cents per minute — are among the highest in the world and about four times the true cost of the services, analysts say.

In addition, AT&T and MCI's Mexican partners pay a 58 percent surcharge to Telmex that was designed to offset losses on local phone service until the company could adjust local rates to make it a profitable business. Telmex remains Mexico's only local

phone provider, excluding cellular phone services.

Many analysts agree that Telmex fees are extremely high but said AT&T and MCI knew that before entering the market. With recent local call rate increases, Telmex is about breaking even on that service, and the surcharge should be abolished, they said. The other rates are scheduled to come down, but the question is how quickly. Telmex is committed to lowering the settlement fee to 19 cents by 2000.

Telmex and Mexico's Federal Telecommunications Commission — which is headed by the former director of planning for Telmex — denied that the company receives favorable treatment.

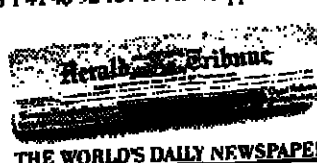
"Mexico went a long way to open their market, and Telmex lost at least 24 percent of its market share last year," Mr. Ligouri said. "How much do they have to lose before it's considered truly competitive?"

Is the Internet a threat or a boon to telephone companies?

Don't miss the sixth in a series of sponsored pages in the IHT on electronic business.

February 25
BUSINESS TO e-BUSINESS:
TELECOMMUNICATIONS

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LE POINT, MICHEL PASCAL

"YOU'RE BOUND TO HAVE A TERRIFIC, TOUCHING TIME! HELEN HUNT IS A REVELATION."

TIME MAGAZINE, RICHARD COLLIS

"YOU'LL NO DOUBT BE WON OVER BY MELVIN."

NEWSWEEK, DAVID ANSEN

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GERMANY, NOW PLAYING - FRANCE, FEBRUARY 18 - SPAIN, FEBRUARY 27 - GREAT BRITAIN, MARCH 13

The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

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Friday's 4 P.M. Close
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Resting by the Few Acres, F

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By Barbara Wall

Continued on Page 17

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WILLIAM J. HARRIS
Mayor

THE CITY OF THE UNITED STATES OF AMERICA
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WILLIAM J. HARRIS
Mayor

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THE MONEY REPORT

Bank Shot: A Closed-End Fund That Plumbs the Hot U.S. Finance Industry

NEVER HEARD of First Financial Fund? That's a shame. Over the past 10 years, it has outperformed every mutual fund in America, returning an annual average of 31.2 percent, compared with 17.7 percent for the Standard & Poor's 500-Stock Index, which reflects the broad market.

If you had put \$10,000 into First Financial, which is a closed-end fund, in 1988 and kept reinvesting the dividends, you would have \$195,000 today. The same money in the S&P would have grown to only \$51,000.

What's the secret? 1) smart stock-picking by manager Nicholas Adams, who has been running the fund for 13 years, starting three years after he graduated from Princeton, and 2) a concentration in the hottest sector of the decade.

That sector is denoted in First Financial's moniker. The go-go niche of the 1990s is not computers or biotechnology or even consumer products, but banks, brokerage firms, insurance

companies and lenders of all sorts. Six of the top 10 mutual funds over the past five years, according to Value Line, are specialists in financial services, three in technology and one in energy. Over the past 10 years, the top five funds are all financial.

The big question, of course, is whether you are too late to join in all the fun. The truth is, I do not know. But consider this: I mentioned First Financial to readers in 1995, a year in which it was returning 63 percent to its shareholders. Was it too high then? Well, in the past two years, it is up another 121 percent.

This is not meant to be a paean to First Financial, but an encouragement to look carefully at banks, insurers and financial firms in general. Four trends have been helping these companies: falling interest rates, which lower the cost of the money they sell; consolidations, that is, mergers that make firms more efficient; a

booming economy, which boosts the demand for credit; cost-cutting and better management through technology, and deregulation, both here and throughout the world.

Will those trends continue? You will have to answer that one yourself.

Certainly, the big banks and brokerages are unlikely to enjoy the huge run-ups we have seen

slight variation. Still, it has been encouraging to see that U.S. banks are less exposed to losses in Asia than their Japanese and European rivals.

My own conclusion is that well-chosen financials still offer remarkable opportunities — if you know where to look. A good way to begin is by cribbing from First Financial's own portfolio. You'll find only a few banks, and they are not exactly household names: Long Island Bancorp., People's Bank Bridgeport (Connecticut) and tiny Mid Continent Bancshares Inc. of Kansas. It is difficult to

analyze individual banks like these, but, lately, almost any well-priced bank in a decent market is a candidate for takeover.

More interesting are such large holdings as Imperial Credit Industries Inc. in Torrance, California, which has been expanding from its mortgage-lending base and trades at a price-to-earnings ratio of just 9 — or less than half the average for an S&P stock. Westcorp, a similar company,

based in Irvine, California, also trades at a P/E of 9, based on prospective earnings for this year.

Firstplus Financial Group Inc. of Dallas makes consumer finance loans and then packages them as securities and sells them to investors. Its P/E, based on 1998 estimates, is just 7, according to Bloomberg News. Doral Financial Corp. is a fast-growing Puerto Rican company. Then there's Ugly Duckling Corp., a used-car and finance company based in Phoenix with a 1998 P/E of 6.

Some of these stocks seem risky. In recent months, investors have become worried that American consumers are overextended and can't pay back the loans, credit-card and otherwise, that aggressive lenders have foisted upon them.

FIRST FINANCIAL is a closed-end fund that trades on the New York Stock Exchange under the ticker symbol FF. Information about the fund is available by calling it at 1-212-778-8875, or, toll-free in the U.S. at 1-800-451-0782.

Washington Post Service

JAMES GLASSMAN ON INVESTING

since 1990, when they were flat on their backs. Citicorp, for example, has soared from \$11 eight years ago to \$128 today; Wells Fargo & Co., from \$44 to \$313; Merrill Lynch & Co., from \$4 (accounting for splits) to \$68.

In the writer James Grant's famous formulation, while scientific knowledge is cumulative, financial knowledge tends to be cyclical. In other words, bankers forget what they learned in the last debacle. They repeat history, with only

one exception: They repeat history, with only

one exception: They repeat history, with only

Through a U.S. Loophole, Investors Everywhere Have a Shot at Tax-Lien Deals

By Andrew Blum

T IRED OF THOSE major swings in the world's stock markets? Want to profit from a tax bill rather than pay one?

If so, tax-lien investing may be a way to go. While apparently an oddity of the American real estate, legal and tax systems, the liens can be purchased from outside of the United States through specialized brokers or directly by investors who know what they are doing. Investors who do not know what they are doing can end up owning proverbial swamp land.

Tax-lien certificates are similar to asset-backed securities created from credit-card debts. A local government that is owed taxes can transfer the right to collect those taxes to private investors, who pay less than the face value of the lien.

In many cases, the liens accrue interest as well and they are usually senior to bank debt on the properties. Eventually, if the taxpayer does not make good on the debt, the owner of the lien

can end up owning the property. Liens have become a big business in the United States, where 90 percent of local municipal revenue comes from property taxes. When taxes are delinquent — as they often are — there can be revenue shortfalls. Investors buying the liens help fund those budget gaps.

Depending on the situation, such properties with liens could range from homes to gas stations to movie theaters.

About 30 states in the United States allow tax-lien investing and legislation is pending in others. While estimates of projected return on the lien investments vary, interest rates on the certificates range from 0 percent in Minnesota to 50 percent in Delaware, Michigan, New Jersey and Texas, according to William Tingle, a California real estate agent who runs the Tax Lien Investment Resource Center.

Residency in the United States is not a requirement to buy a lien. Dan Platt, founder of United Capital Management in Port Charlotte, Florida, said he has dealt with people in the U.S. military and is currently working with a German investor

who wants to buy tax liens in Florida.

The strategy is like buying stocks, he said, but you have to know real estate and the local area. Investors like the German client made the decision, Mr. Platt said, "based on the services of our firm and the ability to work with our firm."

In a recent deal, Mr. Platt said he sold a \$29,000 portfolio that includes 102 tax lien certificates on 102 individual properties with an average life of three years. The buyer makes money from accrued interest and penalties levied on the delinquent owners.

Mr. Platt might buy the liens from someone else who bought them from the government.

In the case of the \$29,000 portfolio sold by Mr. Platt, those liens had an actual value of \$34,000, but he paid only \$27,000.

Mr. Platt said investors should understand that this is no sure thing. While some of his clients have had returns in excess of 20 percent a year, that is not always the case.

"I tell people 10 percent to 15 percent

per year," he said.

United Capital offers an analysis of liens showing number of delinquent tax liens, the age of the lien certificate and details on the land used to secure the lien. It also manages the tax-deed-foreclosure process in cases of liens that go unpaid.

Others buy big chunks of liens and then manage them. One of those is Capital Asset Research Corp. of West Palm Beach, Florida, which in recent years has purchased \$1.25 billion worth of tax liens from local governments, including those in the Atlanta, Miami, New York and Pittsburgh areas.

Dan McGilvery, vice president of marketing, said it was unreasonable to expect annual returns of 20 percent to be the norm. "That happens, but it's fairly rare," he said.

As with other real estate investments,

Mr. McGilvery said, knowing about the location is the key. That kind of expertise is being marketed by Vince Hamm, general manager of Kaim Chigh LLC, which is setting up

limited partnerships around Golden, Colorado, to do tax-lien investing. "You need to do research," Mr. Hamm said. "That's something I've talked to people about. Iowa has rates of return of 25 percent and 30 percent, but what are you buying?"

To really know, an investor might have to go spend time there. In his company's case, Mr. Hamm said, the research has been done, zeroing in on high rates of returns on liens that are expected to last longer than average. He said he was shooting for \$30,000 in funding but if he could get \$200,000 to invest, that would reduce the risk.

As for returns, he estimated that individual investors with, say, \$10,000, might get a return of 11 percent per year over three years. But doing it via limited partnerships, with local research done on the 4,000 area liens, might add another 2 percent per year, he said.

"The real payoff is if you get possession of the property," Mr. Hamm said. "Then rates go up to 50 percent."

Owning carries risks, however, especially if you buy off a public list without good research.

"There could be hazardous material on the property," Mr. Hamm said. "If you take possession, you are responsible for clean-up."

For further information, contact:

• CAPITAL ASSET RESEARCH CORP. Telephone: 1-561-699-0700 or 404-455-1111 in the United States. 1-800-468-3241

• KAIM CHIGH LLC. Telephone: 1-303-271-1285 or toll-free in the United States, 1-800-323-1468. Web site: www.kaimchigh.com

• UNITED CAPITAL MANAGEMENT. Telephone: 1-941-255-9111. Web site: www.ucmcapital.com

• TAX LIEN INVESTMENT RESOURCE CENTER. Web site: www.taxlieninvest.com

• VINCE HAMM. Mr. Hamm holds seminars in the United States on tax-lien investing.

Taking the Back Roads to a 'Tidy' Portfolio

Continued from Page 15

largest bank or broker, because that will be the one the government doesn't let go broke. Even if you don't buy on that trip, you will have a relationship with the banker or broker and be able to send money later.

Q. Why not buy through a fund manager?

A. The best places to invest are those where there are no funds. Also, no fund manager

is going to buy 10 acres near the airport for you.

Q. Many prospective investors may be put off by a lot of bureaucracy. Or they may lose confidence if bankers seem confused by the presence of foreigners.

A. The dimmer the banker is, the better. That way you know you are the first (foreign investor). Remember, these people haven't seen the plane loads of Wharton MBAs yet. When the country

starts to become the flavor of the month, get ready to sell.

Q. So you aren't bothered if the local bankers treat you as if you are from Mars?

A. I would have been received better in a lot of places if I had been from Mars, instead of a motorcyclist wearing boots and a helmet. In Ecuador, they thought I was a drug smuggler. It takes perseverance. Zimbabwe didn't let me invest when I first went there, but I came back a year

later and was the first foreign investor, on June 22, 1993. It doesn't always work, of course. In Bolivia, they took my money and never gave it back.

Q. Experiences like that may discourage investors who haven't run the Quantum Fund.

A. I always start small when I first go to these countries, say \$5,000 or so, because something will go wrong. It may be something little, like money being deposited in the wrong account, or it may be something big, like [local bankers] decide foreign investment is illegal. I add more when the system is in place.

For further information: "Investment Rules: On the Road with Jim Rogers," by Jim Rogers (Random House, 1994).

REITs as Easy-Access Global Plays

Continued from Page 15

as its European sibling. It was down 28.41 percent as of last week. The decline, however, was all last year, the fund has been stable so far in 1998.

"The challenge is to think about asset values in a dynamic market," said an undaunted Mr. Platt. "Shares may be at deep discounts to last year's values, but what about next year? It's not for the faint of heart."

The \$22 million fund has found some refuge in a 15 percent stake in Australia, and in Japan, where it owns Mitsui Fudosan Co. and Sumitomo Realty & Development Co.

"We believe there is some potential upside in those two companies, which have been under pressure for nearly eight years now," Mr. Platt said.

Direct property yields in Japan are roughly 6 percent to 7 percent, while borrowing costs are below 2 percent, which he noted was "a nice return on equity."

In Southeast Asia, the fund is sticking with "safe blue-chips" like City Developments Ltd., Singapore's biggest property stock.

The developer has announced that its 800,000-square-foot (74,320-square-meter) office project is 90 percent leased.

Despite the perils, these investors and many others have no intentions of abandoning Asia's tumultuous real estate market.

"But the process of stabilization may take a couple of years, or as long as five years, so there's plenty of time to buy there," Mr. Platt said.

For further information, call:

• ALLIANCE REAL ESTATE FUND. Outside investors should call 353-227-1233. American investors call 1-201-319-4000, or, toll-free in the United States, 1-800-347-4154.

• MORGAN STANLEY SICAV EUROPEAN PROPERTY FUND and MORGAN STANLEY SICAV ASIAN PROPERTY FUND. Call 44 171 425 8761. The funds are not available to U.S. residents.

Where to find the investments:

• THE U.S. REITS SL Green (ticker symbol SLGO), Starwood (HOT) and Sunstone Hotel Investors (SHI) trade on the New York Stock Exchange.

• CHEUNG KONG is listed on Hong Kong (11) and there is an unlisted American depositary receipt (ADR) available over the counter in the United States.

• CITY DEVELOPMENTS is listed on Singapore (CIT) and has an ADR on the United States (CDRY).

• PIREN AB (PIRE) is listed on the Stockholm Stock Exchange.

• RODAMCO is listed in Amsterdam (RODMC) and also trades in Brussels (IROMC) and Frankfurt (RDC).

• TBI (TBI) is listed on the London Stock Exchange.

BRIEF CASE

Red and White in the Black

Emerging-market investors tend to focus on plays like telephone companies, utilities and banks. But they may have been missing out on an unusual investment — and some surprisingly good, reasonably priced wines — in Vina Concha y Toro S.A., a success story from Chile.

Among Concha y Toro enthusiasts is Donald Hoskins, portfolio manager for U.S. Trust Corp.'s Excelsior Latin America fund in New York. Mr. Hoskins recently bought the stock, which is listed in Santiago and New York, as it was rebounding from a historical low of \$22 in December.

The stock price was hit by a steep sell-off in the Chilean stock market, brought on by the financial crisis in Asia and a weakening peso, Mr. Hoskins said.

"But what people missed was that Concha y Toro's dynamics were completely different," he said. "They have been beneficiaries of the weaker peso because their costs are in pesos and their export revenues are in dollars."

Chilean wine exports leaped 42.2 percent, to \$382.2 million, in the first 11 months of 1997, led by Concha y

Toro. The winemaker exports 60 percent of its production.

Mr. Hoskins approves of Concha y Toro's plans to build export sales in Europe and the United States, and focus on its more profitable high-end wines. He estimated the strategy would produce an 18 percent annual

increase in sales through the next five years.

Undeterred by recent reports that a fungus had attacked Chilean vineyards, his target is \$39 a share over the next 12 months. The shares were trading at about \$29 on Friday. (IHT)

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SPORTS

Czechs Stun Canada in Shootout

Goalie Hasek Saves All 5 Shots to Deny Favorites a Place in Final

By Rachel Alexander
Washington Post Service

NAGANO, Japan — It was during the nerve-wracking penalty shot segment of the Czech Republic's semifinal game against Canada on Friday that Slavomir Lener, the Czech coach, noticed something. His players, standing in front of their bench, had linked their arms around each others' shoulders, taking each breath as one.

"That was better than any two points, to see those guys as a team," said Lener, whose squad stunned the favored Canadians, 2-1, by scoring on one penalty shot.

"You can't get any better reward than that as a coach. Nothing that's shown on TV, no medals — it's this feeling you have for just those few seconds when you know you belong with the team and you are a part of it. There is no bigger reward."

Lener will get to test that theory Sunday, when the Czech Republic plays Russia in the final. Canada, the favorite to win the tournament, will instead face Finland in the playoff for the bronze medal Saturday.

Canada's loss hit an entire country that had basked in the national pride with its gold medal hopes. The last time Canada won the gold was in Oslo in 1952, leaving the country starving in the sport it calls its own. These Olympics were considered the best chance for redemption for Canada, which was able to field an all-star, all-National Hockey League team for the first time.

But the Czechs, participating in only their second Winter Olympics since separating from Slovakia, were also looking to use this tournament to bolster their national identity. No matter what happens Sunday, victories over two hockey superpowers in back-to-back games — they beat the United States, 4-1, to get to the semifinals — have earned them an enormous dose of respect.

"I only wish I could be in Prague"

right now, said Martin Rucinsky, who plays for the Montreal Canadiens. "It's a great moment for Czech hockey. Everybody expected us to be out of it in the quarterfinals."

The Czech Republic could have filled its roster with NHL players, but it decided to stick with the nucleus of the team that has competed in recent world championships. Coaches then filled in the gaps with 12 NHL players, such as

ICE HOCKEY

the New York Islanders forward Robert Reichel, the only player to score in the penalty shot competition.

"They play together as a team," Lener said. "We did not want to disrupt that."

Every team needs a star, however, and the Czech squad's is the Buffalo Sabres goaltender, Dominik Hasek (24 saves), who had yet another brilliant outing. Canada goaltender Patrick Roy (27 saves) was also spectacular, but when the game remained tied at 1-1 after 60 minutes of regulation play and a 10-minute overtime, it was Hasek who shone in the penalty shot tiebreaker.

Displaying the elastic-man, flip-flop style that won him NHL most valuable player honors last season, Hasek stopped each of the five Canadian snipers, a group that did not include Wayne Gretzky, passed over by Marc Crawford, the coach.

Roy stopped the Pittsburgh Penguins forward Jaromir Jagr, who hit a post, but he could not stop Reichel, the team's first shooter. After Brendan Shanahan, Canada's last shooter, failed in a deke attempt, the Czech players stormed the ice, throwing up their equipment. They pointed on Hasek, who later said facing the penalty shots was the "most intense pressure of my life."

It was a full two minutes later, when many hugs, face rubs and high-fives had already been exchanged, that the Czechs decided they should probably stop sitting

on their most valuable player, although Hasek was happily enduring the attention. Meanwhile, on the other side of the rink, Shanahan skated back toward the Canadian net, doubled over in disappointment, as his teammates slowly left the bench. In the end, only Gretzky was left sitting alone, with tears on his cheeks as he watched his hopes for Olympic gold slip out the rinkside door.

Despite all the Stanley Cups, trophies and other medals Gretzky has won, he has never claimed an Olympic medal.

"It's devastating, the worst feeling I've ever had in hockey," Gretzky said, his eyes glassy. He said this was his last international competition.

"I knew when I lost my first Stanley Cup, I'd get another chance. When we lost, that was it for me. So I'm very disappointed. I love to play hockey. I love to represent Canada."

Olympic Déjà Vu for Canadians

It was the second consecutive Olympics in which Canada was eliminated in a shootout. In 1994, the final between Sweden and Canada was decided when goalie Tommy Salo of Sweden beat Paul Kariya of Canada and Peter Forsberg of Sweden beat goalie Corey Hirsch of Canada, the New York Times reported from Nagano.

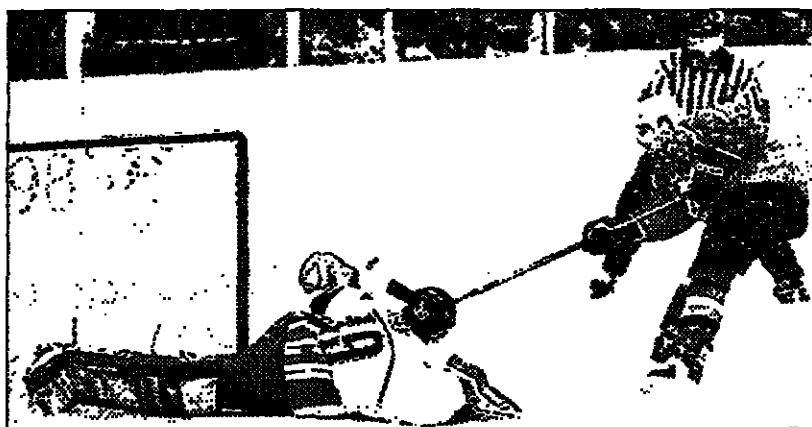
Roy said of the shootout: "It didn't start well, because the first guy hit the post and it went in. I'm not here to find excuses. If we lose, we lose."

Lener, the Czech coach, said his players routinely practice penalty shots during team workouts. "It's fun for the players, kind of relaxing," Lener said. Crawford said his team practiced penalty shots earlier in the week.

Petr Svoboda, one of the top Czech defensemen, left the game late in the third period with what he said was a re-injury of a sore elbow. He said he hoped he would feel well enough to play in the championship game. When someone asked Svoboda the secret of his team's success, he replied: "Hasek and Jagr."



Robert Reichel, the Czech Republic forward, above, celebrating his match-winning goal in the shootout against Canada on Friday. Below, the Czech goalkeeper Dominik Hasek blocking Brendan Shanahan's shot. The Czechs' 2-1 victory put them in the final against Russia on Sunday.



Mike Blake/Reuters

Pechstein Edges Out Niemann in 5,000 Meters

By Christopher Clarey
New York Times Service

NAGANO, Japan — The first day of Olympic speedskating ended with a world record. So did the last.

In between, there were plenty of other shock waves at the M-Wave, and what made it better was that there was not a single delay, cancellation or weather report to fret over.

Indoor winter sports had a big advantage in Nagano, and so did the speedskaters with their relatively new

SPEEDSKATING

clap skates and very new aerodynamic strips, which, depending on your interlocutor, were either a plus or a placebo.

All 10 Olympic records were erased and replaced, as were five world records: the men's 1,500, 5,000 and 10,000 and the women's 1,500 and 5,000. The only record still standing that was set on conventional skates is the men's 500.

Friday night's history makers in the 5,000 were Gunda Niemann-Stirnemann of Germany and her younger and less-imposing teammate, Claudia Pechstein. Both were born, raised and spotted at an early age in East Germany, and for much of the last few seasons they have taken turns winning the distance races that matter most.

Niemann got the best of Pechstein in the 5,000 last week, but Friday night it was Pechstein's turn to have the last glide. She defended her Olympic title in a world-record time of six minutes, 59.61 seconds, a scant four-hundredths of a second better than her teammate, who had the misfortune of breaking the world record first.

"When I saw Gunda's time on the scoreboard, I thought it was very fast, and that I could only get the silver," said the 27-year-old from Berlin.

Lyudmila Prokashova of Kazakhstan took the bronze, Kirstin Holm of the United States, 17, finished seventh.

Niemann, 31, would have preferred to skate head-to-head with Pechstein, as they often do on the World Cup circuit. The Olympic draw determined otherwise. Niemann would skate with an American, Jennifer Rodriguez, one of the surprises of these Games, in the penultimate pair. Pechstein would skate with a teammate, Heike Warnicke, in the final pair.

Niemann, with her powerful stroke and nearly metronomic cadence, soon became the first woman to break the seven-minute barrier, slicing more than three seconds off her existing record of 7:03.26.

"I knew I had to skate my own race, because I knew I wouldn't see her," said Rodriguez, the former in-line skater from Miami who finished 10th in 7:16.78. "Actually, I didn't see her after the start."

Niemann did a quick celebration lap, waving to the Japanese and European fans who made the M-Wave a lively place during the last two weeks. But once Pechstein moved into starting position, Niemann put her right index finger to her lips to quiet the crowd. She would not get a second chance to celebrate.

Russia Cracks the Whip at Finland

By Joe Lapointe
New York Times Service

NAGANO, Japan — Several times during this extraordinary performance, Pavel Bure, captain of the Russian hockey team, raced down the ice with the puck on his stick, leading a speeding stream of nine other skaters to the Finnish goal line.

It looked like a game of "crack the whip" that children play on skating rinks. All day long, Bure held the whip hand and did much of the cracking. On 10 shots against Finland, Bure scored five goals and almost had a couple more in a 7-4 victory Friday in the second semifinal of the hockey tournament in the Winter Olympic Games in Big Hat arena.

So Bure was in a good mood afterward when he was talking about the brilliant goalie, Dominik Hasek of the Czech Republic, in the gold-medal game Sunday. "Before playing against Hasek, I'm going to read up the other Hasek, the famous Czech writer, who wrote 'The Good Soldier Shvilk,'" Bure said. "I've already read it once."

The book, by Jaroslav Hasek, is about a soldier who fought in World War I.

This may have been one of the rare times when a war reference was ironically appropriate in a sports context, because this championship game will

evoke in some the memories of another war in another era.

The Russian-Czech rivalry, one of the best in Olympics hockey history, was at its peak during the Cold War. Four times, between 1968 and 1984, the Russian-based team of the Soviet Union and the nation then known as Czechoslovakia went into their final games in the Olympic tournament with the gold medal at stake, three times playing each other. The Soviets won all four gold medals and the Czechs, who have never won a gold, settled for three silvers and one bronze in this period.

"It's different now," said Aleksei Kasatonov, the former defenseman for the Russian national team who is now the general manager. "I remember the game in 1984. For us, it was like life and death. Now, it's just a sporting competition, not as political as it was right after 1968."

Although they were technically allies at this time, the Russian-Czech rivalry also included military force in 1968, after the winter when they first jousted for the gold medal. That spring, Soviets sent tanks to Prague, under the authority of the Warsaw Pact, to quell an anti-Communist uprising.

Those who think that current players are ignorant of this history, or that it has no relevance to hockey, should take note

of the number on the broad back of Jaromir Jagr, the best Czech player who is not a goalie. Jagr wears the number "68." He chose it, he has said in the past, in honor of the politics of that troubled year, four years before his birth.

"Yes, I know this," Kasatonov said.

This tournament, filled for the first time with National Hockey League stars, was supposed to mark the ascendancy of North American hockey, particularly for Canada and the United States, on the world's biggest sports stage. Instead, Canada faces Finland Saturday for the bronze and the United States is already home, having lost three of four games and having gained a reputation for bar-hopping and vandalism in the athletes village.

"In Europe, we have excellent hockey," said Vladimir Yurzinov, coach of the Russian team. "Hopefully, now, no one will look down on us."

Bure said of Hasek: "By now, he is probably the best goalkeeper in the world."

Bure scored the first three goals, two on breakaways, taking advantage of turnovers. The Finns came back to tie it at 3-3 and again at 4-4 before Russia pulled away. Bure scored the last two, the final into an empty net after Finland pulled its goalie.

Party Breaks Out in Prague After Czechs Beat Favorite

The Associated Press

PRAGUE — Drivers honked their horns, strangers hugged each other, and even the country's hospitalized president, Vaclav Havel, was among the happy routiers as the Czech Republic stunned Canada on Friday in the Olympic ice hockey semifinal.

Hundreds of mostly young fans and students converged on Prague's Wenceslas Square, waving flags and shouting the names of their heroes who helped pull off the 2-1 victory in a shoot-out.

Financial markets came to a standstill during the game while traders were glued to their TV screens.

As the live broadcast from Japan started Friday morning, Havel was being examined by doctors following throat surgery on Wednesday. Nonetheless, Havel's aides said, the president's interest was intense.

"He insisted on being informed all the time," said his spokesman, Ladis-

lav Spacek, who watched the game in Havel's hospital room.

"He even managed to watch some of the game's last period, and he is sending a telegram to the players right now," Spacek added.

"Hasek," the nickname of Dominik Hasek, the Czech goalie who shut out the Canadians in the final shoot-out, was on everybody's lips.

"Hasek did it for all of us — we made it!" said Patrik Skara, a 17-year-old student who skipped school to watch the game and celebrate.

Many others shouted "Hasek to the Castle" — a traditional joke by which fans suggest their sports stars could even handle the president's job.

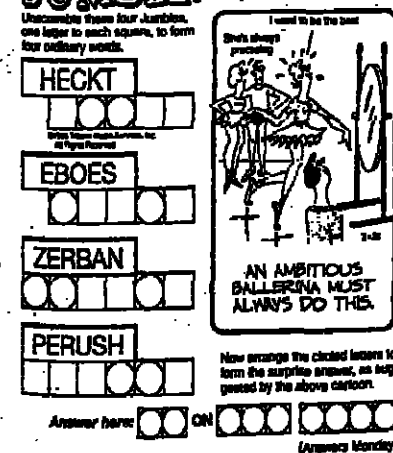
"All we have to do now is to beat Russia in the final and show the world we are the best," Skara said, even before the result of the Russia-Finland semifinal was known. "But even if we don't, this is the game I will always remember."

DENNIS THE MENACE



"MR. WILSON SAYS I'M A NOBODY. WHAT'S A NOBODY?"

JUMBLE



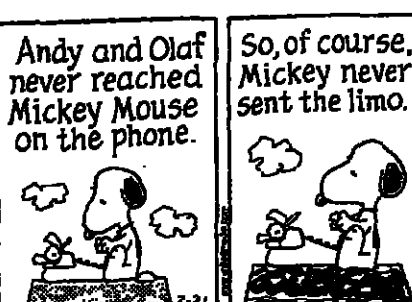
Answer: GRAZE STOP EATING FORKED

Answer: What he did when he lost the race — TOOK IT IN STRIDE

EDUCATION

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PEANUTS



Andy and Olaf never reached Mickey Mouse on the phone.

So, of course, Mickey never sent the limo.

In the meantime, Spike was still waiting for them out on the desert.

YOU'RE TALLER THAN I AM. CAN YOU SEE ANYONE?

OH, GARFIELD

ABOUT YOUR HOBBY...

I'M VERY SORRY SIR, PLEASE APOLOGIZE TO LITTLE TIMMY FOR ME. IT WON'T HAPPEN AGAIN

BEETLE BAILEY

YOU KNOW WHAT YOUR BIGGEST PROBLEM IS, BEETLE?

OF COURSE I DO

BUT HOW CAN I GET RID OF YOU?

BLONDIE

NOW THAT'S WHAT I HATE! I CALL A GREAT PLAY!

LET'S GO TO THE OAK TREE RESTAURANT

THAT PLACE IS THE PITTS! I'D RATHER GO TO THE PITS!

GUESS WHO WROTE UP A BIG PIECE OF BUSINESS YESTERDAY

THIS CERTIFIES THAT YOU WIN THE argument that we would have wasted an hour of our lives on, thus conceding moral and ethical superiority to you and, indeed, all womankind.

YOU KNOW WE KNOW TALK ANYMORE?

WELL, HAVE ANOTHER CARD

REMEMBER, IF HE BUZZES, AM FOR THE HOUSE. YES NOT WITHIN A FEW FEET

HEY! RUC! YOU JUMPED BALL, TOO, DON'T YOU? DON'T YOU?

WE DON'T JUST TRYING TO BEAT THE FAMILY

CALVIN AND HOBBS



WIZARD of ID

I SEE PEOPLE CHEERING WILDLY AS YOU GO BY!

DO I HAVE AT THEM?

NO... THE COFFIN IS CLOSED

NON SEQUITUR

HAVE YOU NOTICED HOW MUCH KEVIN COSTER'S APRON HAS DIMINISHED SINCE HE DANCED THE WALTZ?

DOONESBURY

GRAY SON, JUST BALK HIM DOWN TO THE SIXTH HOUSE. GET A RECEIPT AND MEET ME AT THE USUAL PLACE.

HOLD IT DUKE... NOW COME THE KIDS TURNING ME IN AND NOT YOU?

BECAUSE I STILL HAVE SOME RESPECT WITH THE LAW

THE BEST HE CAN GET A MINUTE

REMEMBER, IF HE BUZZES, AM FOR THE HOUSE. YES NOT WITHIN A FEW FEET

HEY! RUC! YOU JUMPED BALL, TOO, DON'T YOU? DON'T YOU?

WE DON'T JUST TRYING TO BEAT THE FAMILY

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WINTER OLYMPICS

Herald Tribune

SATURDAY-SUNDAY, FEBRUARY 21-22, 1998

PAGE 20



Tara Lipinski feeling the thrill after completing her winning routine Friday.

Figure Skating May Be Lovely, But That Doesn't Make It Sport

By Michael Wilbon
Washington Post Service

NAGANO, Japan — I ended my Official Winter Olympics Figure Skating Boycott when, against every macho instinct in my body, I went inside the White Ring to watch the women's short program. It is my civic duty to trash figure skating. Somebody's got to do it.

Figure skating isn't a sport. It's a spectacle, it's competitive as heck, the men and women who devote their lives to it are more creative and athletic than many,

VANTAGE POINT

many world-class athletes. And so is your prima ballerina, but that doesn't make ballet a sport, does it? High TV ratings don't make something a sport; if they did Jerry Seinfeld would be Michael Jordan.

Anything solely dependent on judging is not a sport. Anything where the performers have as much use for a choreographer as a coach isn't a sport. Anything that uses the word "costume" instead of the word "uniform" isn't a sport. Any time a man can be awarded a gold medal when he's dressed like a butterfly or looks like a dinner mint (there, I said it) isn't a sport.

Any time another medalist can compete with what look like kitchen shears hanging from his armpits, it ain't a sport. (Did you see that Russian guy who wore that black-and-white spotted shirt underneath that yellow vest? It looked like a taxi splattered a cow.) Any time your coach wears a fur coat, it isn't a sport; if your coach looks more like Lana Turner than Norv Turner, it can't be a sport. Any time people throw flowers at you after

your performance, it's not a sport.

Hats, fine. Banners from the right field bleachers, fine. Even octopuses, fine. Roses? I don't think so. And anything that's been largely decided even before the performance takes place sure as heck isn't a sport.

I was shocked to find out at the beginning of these games that in figure skating, the judges not only watch practice but take into account what happened in practice when judging the actual live performances! These twits go in and penalize folks for missing jumps or falling or being sick in practice!

Do you realize that the judges have this technique called "leaving room," which by definition penalizes the first eight or nine competitors to skate? Since they don't know what the, say, 25th skater will look like they "leave room" just in case he's the best of the lot. Excuse me, but why the heck do you need to leave room for something you haven't seen if you go to practice every day?

Do you know what group is lobbying to be made an Olympic sport? Bridge. I kid you not. Bridge. Are we going to soon hear, "And the gold medalist in pinochle is..."

Rule No. 1: If you don't compete directly against an opponent or a clock, it's not a sport. Just have figure skating competitions, world championships even, at a designated time of year and have one of those choreographers come up with a sequined statette for the winners. People will watch like crazy.

Allison Mielczko, a forward on the gold-medal winning U.S. women's hockey team and the first left wing I've ever had a crush on, said she began her life on skates not as a hockey player, but as a figure skater. But one day it dawned on her, "It's time to trade in the little white tutu for a hockey stick." Amen.

A Brilliant Silver Performance by Kwan

'I Had a Few Problems in My Jumps,' Says Runner-Up, Who Lost on Technical Marks

By Jere Longman
New York Times Service

NAGANO, Japan — Tara Lipinski won the figure skating gold medal Friday because she was faster, more aggressive and more exuberant in her skating than her chief rival, Michelle Kwan.

Six of the nine judges placed Lipinski first. A disappointed but gracious Kwan took the silver medal after a deliberate free skate in which the joy that had previously shown on her face lapsed into seriousness and timidity.

Lipinski is the smallest American Olympian at 4-foot-10-inches (1.47 meters), 82 pounds (37 kilograms), but she consumes the ice with the sheer delight of performing.

Even when Kwan won eight of nine judges in Wednesday's short program, Lipinski remained convinced that she could win the free skate Friday night, which counted for two-thirds of the scoring.

Kwan, the 1996 world champion, had defeated Lipinski twice this season — once at the national championships in Philadelphia last month, when she had a look of reverie as she skated to "Angel's Song" by William Alyn.

She had talked of angels and

clouds, of floating over the ice. But Friday, skating first among the contenders, she appeared deliberate and circumspect.

"I think in Philadelphia I was more free, I was flying," said Kwan. "Tonight I was more cautious. I enjoyed my performance, but it seemed like I was in my own world, like I didn't open up and let it go."

She wobbled out of a triple flip then landed uncertainly on a triple loop. She grew more confident as her four-minute routine progressed, but when she finished, the judges left room for Lipinski.

Kwan received all 5.9s for presentation, but her technical marks ranged from 5.7 to 5.8. A clean, more challenging performance by Lipinski could beat her.

"I had a few problems in my jumps, but I fought through it," Kwan said. "I did everything. I almost pinched myself. I thought, 'Wow, this is great.'"

Kwan did not watch Lipinski perform. Instead, she met her mother at White Ring arena, and the slightest of doubts lingered in her mind.

"I was thinking, 'Am I going to win, or am I going to be second?'" Kwan said.

When she heard Lipinski's marks — all 5.8s and 5.9s for technique and

artistry — she knew she had won the silver medal, not the gold.

While Susan Johnson, the American judge, voted for Kwan, the judges from Australia, Hungary, Austria, Russia, Ukraine and France voted for Lipinski. International judges seem to score Lipinski more favorably than American judges, apparently feeling that speed, magnificent jumping and brilliant skating are as valuable as dramatic presentation.

Lipinski beat Kwan on eight of the nine technical marks and matched her on four artistic marks.

Kwan's performance probably would have won any previous Olympics. But Lipinski had markedly improved her artistry over the summer by touring and practicing in front of a mirror. Now she felt her music, instead of simply skating to it. And her jumps were more demanding than Kwan's.

Skating second to last, Lipinski admitted some inevitable nervousness when she took the ice.

"Some thoughts creep in, but you push it away," Lipinski said. "You have to think, 'I want it,' and not let anything get in the way."

Lipinski opened by landing her quick, tight double axel and assertively performed the triple flip that had left her sprawled on the ice in the short program at the national champion-

ships. Kwan, who aggravated a stress fracture of the second toe in her left foot last fall, had not been able to rehearse a triple-triple combination this season.

Lipinski performed two of them Friday, and when she flawlessly discharged her trademark triple loop-triple loop, her face lit up like a Christmas tree.

"When the music came on and I knew I was at the Olympics and I was skating great, it all came out," she said. "I didn't think about winning. I didn't think about beating anyone. I just went out and said, 'I don't want to come off the ice disappointed.'"

After the first 45 seconds of Lipinski's celebrative performance to music from the movie "The Rain-forest," the president of the United States Figure Skating Association said he stopped breathing.

Oksana Baiul of Ukraine had won the 1994 Winter Games with three triple jumps. Lipinski landed seven Friday night with triumphant determination.

"There was something different, like fire coming out her eyes," Morry Stillwell, president of the U.S. figure-skating association said of Lipinski. "She intended to win. Michelle skated beautifully. It was a take-no-prisoners competition."

GAMES: Historic Gold for Lipinski

Continued from Page 1

skate a great program under a lot of pressure. Doing it at the Olympics is just so emotional."

For Lipinski, it closed a circle — albeit a small one — whose starting point came when she stepped up onto an inverted soup bowl at age 2, pretending to receive an Olympic gold medal on a medal podium. It was just two years ago that Lipinski finished fifth in the junior world championships.

"She's 15 years old, but you have to realize in her mind, she's not 15," said Todd Eldredge, the U.S. figure skater, a close friend and training partner. "In her mind, she is much older, and she acts much older than that."

The entire night all but erased memories of Tonya Harding and Nancy Kerrigan and their battle of ill will that led up to and overshadowed the 1994 Olympic figure skating competition in Lillehammer, Norway.

The evening also negated speculation throughout the week that Kwan, considered the consummate artist on ice, had the gold medal sewn up with the nine-judge panel regardless of her performance Friday night.

In fact, Kwan skated brilliantly and Lipinski skated better — even Kwan and her coach, Frank Carroll, did not argue that — and Lipinski received the gold medal on merit.

"I knew this competition wasn't a piece of cake," said Kwan, the U.S. and world champion in 1996. "I came out of the rink happy. I skated my best; I trained hard. There was nothing more I could have done. It might not be the color medal I wanted, but I will take it."

Though the upset undoubtedly will cost Kwan millions of dollars in endorsements, it casts a redemptive stroke for figure skating, whose judges are frequently accused of deciding their preferences before, rather than after, competitions.

And it will make Lipinski a very rich young woman.

Michael Rosenberg, an agent who has represented many top skaters,

speculated that Lipinski could make \$10 million to \$12 million over the next four years from various commercial opportunities.

Rosenberg estimated that Kwan, 17, could have made more than Lipinski — about \$15 million — as a gold-medal winner because of her greater maturity.

While Kwan might have missed a chance to be remembered as one of the most graceful skaters of all time — perhaps the best since Peggy Fleming, who was the 1968 Olympic gold medalist — Lipinski assumed a unique place in history as the youngest gold medalist ever in figure skating.

Last year, Lipinski also became the youngest world champion at 14. She is the first female skater to perform the difficult triple loop-triple loop combination jump at a world championships or Olympics. Her program Friday night, with that combination and seven triple jumps, was the most technically difficult program in Olympic history.

"The difference was the triple-triple, the technical part of Tara's program," said Carol Heiss Jenkins, the 1960 Olympic gold medalist. "They are both beautiful skaters, but they have different styles."

Lipinski, who lost to Kwan in the U.S. nationals in January, also displayed an improved artistry that compelled the judges to give her marks of 5.8 and 5.9 on a scale of 6.0 for presentation.

Kwan received all 5.9s for presentation but received lower technical marks than Lipinski. Kwan led after the short program Wednesday, with Lipinski in second place, but lost because the long program is worth two-thirds of the final score.

As she did in the short program, Lipinski finished several jumps with ear-to-ear grins.

"I like her joy," Heiss Jenkins said. "The other night during the short program, she couldn't stop smiling. It's nice to see the joy put back in figure skating."

While Lipinski proved as ebullient



Michelle Kwan performing the routine that got her a silver medal.

a winner as she had been a skater, hopping up and down in the kiss-and-cry area after learning the judges had awarded her a 6-3 victory, Kwan offered a classy acceptance of what

for her was a stinging defeat.

"You've got to enjoy everything while it lasts," Kwan said. "I think all of us have to come off the rink happy and enjoying the moment."

Germany Leads In Rainy Race

By Darren Samuelsohn
New York Times Service

IZUZUNA KOGEN, Japan — A cold, driving rain kicked in midway through the first heat of the four-man bobsled Friday, cutting short the day's schedule.

Instead of running two heats, the jury decided to cancel the second and reduce the event from four runs to three. The final two runs will be raced as scheduled Saturday, when sunshine is forecast.

The cancellation is the first since the Grenoble Olympics of 1968, when organizers had to cut the competition to

Bobsled

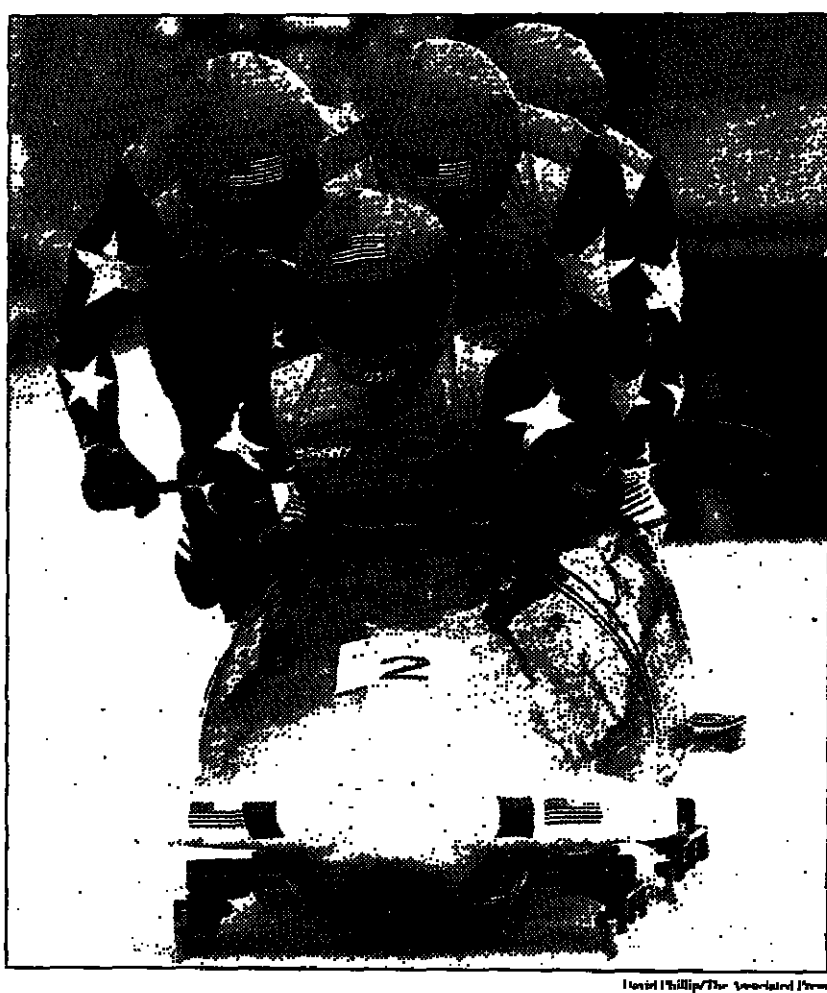
two heats after a sudden thaw. Although medals here will be awarded on the basis of three runs, according to bobsled rules, two heats are all that's necessary.

This is the second unusual turn for the bobsled competition at these Games. Earlier in the week in the two-man event, Italy and Canada tied for first on identical aggregate times for four heats and were awarded dual gold medals. The last time two teams finished in a dead heat was also in 1968, but in those Olympics the rules handed the gold to the team with the lowest time in a single heat.

Germany 2, driven by Christoph Langen, led after the only run Friday. Britain 1 was second.

Britain 1, which was driven by Sean Olsson, set a course starting record of 4.83 seconds that was equaled by the American sled steered by Brian Shimer and later broken by Germany 1.

Olsson's team set a high standard, finishing in 52.77 seconds. That wasn't



The U.S. four-man bobsled team sprinting into the start of its heat Friday.

topped until the ninth sled, when Langen broke the start record with a 4.78-second effort. The German sled went on to set a course record, finishing in 52.70 seconds. Britain 1 was 7 hundredths of a

second behind and Sweden 2 was third, 18 hundredths back.

Water accumulated inside the track and made the course choppy for teams racing later in the first heat.

TV's Scripting Is Killing Olympic Thrills

International Herald Tribune

BOSTON — The two-dimensional Olympics have been disappointing.

Three dimensionally, for those competing in Japan or roaming in and out of the fine clean arenas to watch, they have probably been wonderful. But on American television, these last Winter Olympics of the millennium have had all the impact of a Hollywood B movie.

Much of the blame sits with the producers of American television. Altogether, it has been like one of those productions that names five or six screenwriters in the opening credits and then turns out to have no plot. Indeed, it must be an American disease — to spend \$375 million on a classic event, as CBS, the U.S. network, did to possess the exclusive American rights to the Nagano Olympics — only to remove the elements of the story that might have made it interesting.

This is not about CBS in particular. All of the American networks have committed the same crime. These Olympics produced lower-than-expected ratings and free commercial time for advertisers who were not delivered the promised audience. But that is the least of the problems that leave you wondering about the future of the Olympic movement, whose destiny is tied to American television and sponsors.

The real problem is one of hoarding. Last week, for example, a tremendous story blared from the mountaintop as Picabo Street, America's most dynamic skier, won the Super-G gold medal.

Rather than hurry her Olympic victory onto the air where good news belongs, CBS hid her race from public view for almost 24 hours.

The logic of the decision, apparently,

is that it allowed CBS to retain exclusive rights to the pictures. Competing networks were prevented from showing highlights of Street's victory for those 24 hours. Scrooge would have understood.

In the reality of the day after, however, when the race finally was televised, no one was all that interested in seeing Picabo Street. Everyone had already read about her in the morning papers.

What a revelation these Olympics have been for newspapers. CBS spent all that money, and on three big stories — Street, the victory of Hermann Maier a few days after his shot-out-of-a-cannon crash in the downhill and the gold-medal triumph of the Japanese ski-jumping team — the network was scooped by the newspapers. Did anyone believe this was possible anymore?

CBS sends thousands of employees to Japan, covers every venue with more surveillance cameras than you'll find in the richest bank, and by the time they get around to showing the best stories, I already know what's happened because I read about it in a stone-age medium.

For the kind of money CBS pays, the network needs to pull in huge audiences. At the same time, the U.S. networks have this feeling that the American audience doesn't want to know about the Japanese ski jumpers or the alpine champion from Austria. The networks believe that the non-American stories are to be explained to the American audience and spelled out. The universal elements are belabored and circled and underlined. In the end, what you have is the Hollywood treatment of a Hemingway novel.

CBS has presented the Olympics

beautifully in its live coverage. In the Olympics, suspense builds naturally. Because opportunities for a gold medal are so rare and valuable, the best Olympic competitions become displays of human nature boiled down to the elements. You don't need some kind of director with a megaphone manipulating it.

Because of the difference in time zones and the postponements of many outdoor events, CBS had no choice but to broadcast a lot of events after the fact. But in other cases it ignored the opportunity to go with a live, potentially dramatic event, to see it through and dare the audience to stay up late watching.

I'm sure there are all sorts of reasons for this kind of behavior — demographics, market research, ratings sweeps. But I also know this: Sports around the world are driven by television because live sports and news are the only events that draw large international audiences. The key is live coverage. Once the result is known, forget about it.

The Olympics, alarmingly, are being taken in the direct opposite path. The American networks want the appearance of being in full, scripted control of the events, when instead it would be much more attractive if they were struggling breathlessly to keep up, to put out events live, when they really mean something.

For a new generation of American sports fans being raised on live, dramatic, disposable television — clicking from one channel to the next — today's version of the Olympics probably seems irrelevant, if not dull.

Ian Thomson is a senior writer for Sports Illustrated magazine.

DAVE BARRY

The Sky Is Falling

MIAMI — Recently, while visiting New York City (Civic Motto: "I Got Yer Civic Motto Right Here"), I saw an alarming article in The New York Times, which is a newspaper up there, stating that large chunks of masonry were falling off some of the older buildings. As bad luck would have it in such a crowded city, several of these chunks, tragically, failed to land on George Steinbrenner.

The Times article quoted experts as saying that the solution to the falling-chunks problem was to inspect old buildings. That is the stupidest thing I ever heard. Inspections are not the answer. With falling chunks, as with so many problems afflicting modern urban society, the only lasting solution is to identify, and correct, the "root cause" of the problem. And that cause is: gravity.

I have been following this issue for many years, and in my opinion, gravity is getting worse than ever. For example, last year several hundred alert readers sent me articles from various publications concerning an incident in the Sea of Japan wherein a Japanese fishing boat was allegedly sunk by a falling cow. Yes. According to these articles, which I swear I am not making up, what apparently happened was that the crew of a Russian military cargo jet had stolen some cows in Siberia and were flying them home when the cows became upset, perhaps because there was no in-flight movie.

So the cows stampeded, and the crew, fearing that the plane would crash, opened the cargo door and let the cows run out of the plane at an altitude of 30,000 feet, which is somewhat in excess of the Recommended Safe Falling Distance for Cows of 1.3 inches. So you had these cows raining down on the Sea of Japan, and one of them, unfortunately, failed to land on George Steinbrenner. But it did allegedly strike the Japanese fishing boat, which sank. The fishermen all survived, although I am betting that they had an unpleasant talk with their insurance agent.

I don't know about you, but when I read about a tragedy like this, the phrase that comes into my mind is "major motion picture." I'm thinking of something along the lines of "Titanic." You'd have a pair of star-crossed Japanese fishermen, played by Kate Winslet and Leonardo DiCaprio, and just when you think they're going to overcome the obstacles facing them, they hear, in the distance, the chilling sound that mariners throughout the ages have always feared most of all — "moo" — and then WHAM, the boat is struck by a hurtling Hereford. For the remaining 125 minutes of the movie, the lovers float romantically around on the wreckage as Leonardo proclaims his undying love for Kate and tenderly brushes chunks of brisket from her hair.

But getting back to the worsening gravity problem: I wish I could tell you that it is limited to cows. But unfortunately I cannot, not in light of an article from the Aug. 27, 1997, issue of The Calvert County (Maryland) Recorder, sent in by alert reader Janice Rohme. This article states that on Aug. 25, Gloria Daniels, 68, of Lusby, Maryland, was working in her garden with a young neighbor boy when she was hit by a falling tomato. Then the boy was hit by a tomato. Then tomatoes — more than 30 of them — began raining down all over her yard. Friends, neighbors and the media were called in to investigate, but nobody could figure out where the tomatoes were coming from. Rob Terry, the reporter who wrote the story for The Recorder, states that, while on the scene, he personally was struck by a tomato, and although he quickly investigated, he could find no evidence that it was hurled by pranksters.

I called Gloria Daniels recently and asked her if anybody had come up with an explanation for the falling tomatoes, and she said nobody had. I asked her if she had been in touch with anybody at "The X-Files," and she said she'd never heard of it. This is a shame, if you ask me, because this incident could be the basis for a terrific episode. Of course, they might have to alter a few facts slightly. They'd have some scene in an abandoned warehouse, wherein agents Scully and Mulder, their faces tense, their guns held out in front of them, are going from darkened room to darkened room, stalking — and being stalked by — a mutant bloodsucking zucchini the size of Shaquille O'Neal.

But my central point is that, wherever these tomatoes were coming from, they would never have represented a threat to innocent people, and neither would the cows, and neither would the New York building chunks, if they had not been attracted to the earth by gravity. FACT: Gravity is a contributing factor in nearly 73 percent of all accidents involving falling objects. And yet the so-called "federal government" does nothing! So I guess it's up to you and me. Me. I'm going to lie down.

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In Paris's Underworld, Music Flourishes

By Mary Blume
International Herald Tribune

PARIS — The traditional lonely howl of the accordion in the corridors of the Metro has been augmented in recent years by a cacophony of electric guitars, African drums, Peruvian pipes and chamber music groups playing rock, ethnic music and, in the classier sites, the inevitable Canon of Pachelbel.

Although it was all out of hand and, in the strictest terms, illegal the image-conscious Metro authority, the RATP, amiably decided not to eject the musicians but in effect to join them. For the past year they have auditioned would-be Metro musicians and issued ID badges to those authorized to play.

The auditions are held twice yearly in what is called the musicians' boutique near the Charonne station (the next audition is in April) and candidates are filmed on video. "We don't judge from an academic point of view, it's not an exam to get into the Conservatoire," said Aderito Nunes, who heads the program although his full-time job is in the anti-fraud division.

"For one thing, I am not alone. I always have RATP employees with me, including two from actual stations. We put ourselves in the public's shoes — does it irritate me? Shock me? Is it too loud? Are they well-behaved? That's what we judge, not whether they are playing the accordion or the castanets. Is it pleasant or not, that is the first criterion."

Successful candidates must agree to buy a ticket if they play within the subway's precincts. They must be decently dressed, and cannot be accompanied by children or dogs or powerful amplifiers. They are then issued a badge with their photo and the RATP logo and set free to let the music play.

"Since the badge has no legal value, all we can do if someone doesn't obey the rules is refuse to renew the badge. That's very rare. The badge gives them a sense of responsibility, almost as if they were part of the subway personnel," the police, Nunes says, ob-

ligingly look the other way and he himself makes spot checks to see if anyone is playing too loud or selling cassettes or hassling straphangers, in which case they are quietly ejected.

So far it is working. And if musicians illegally have a hat or empty violin case to collect coins this again is tolerated within limits.

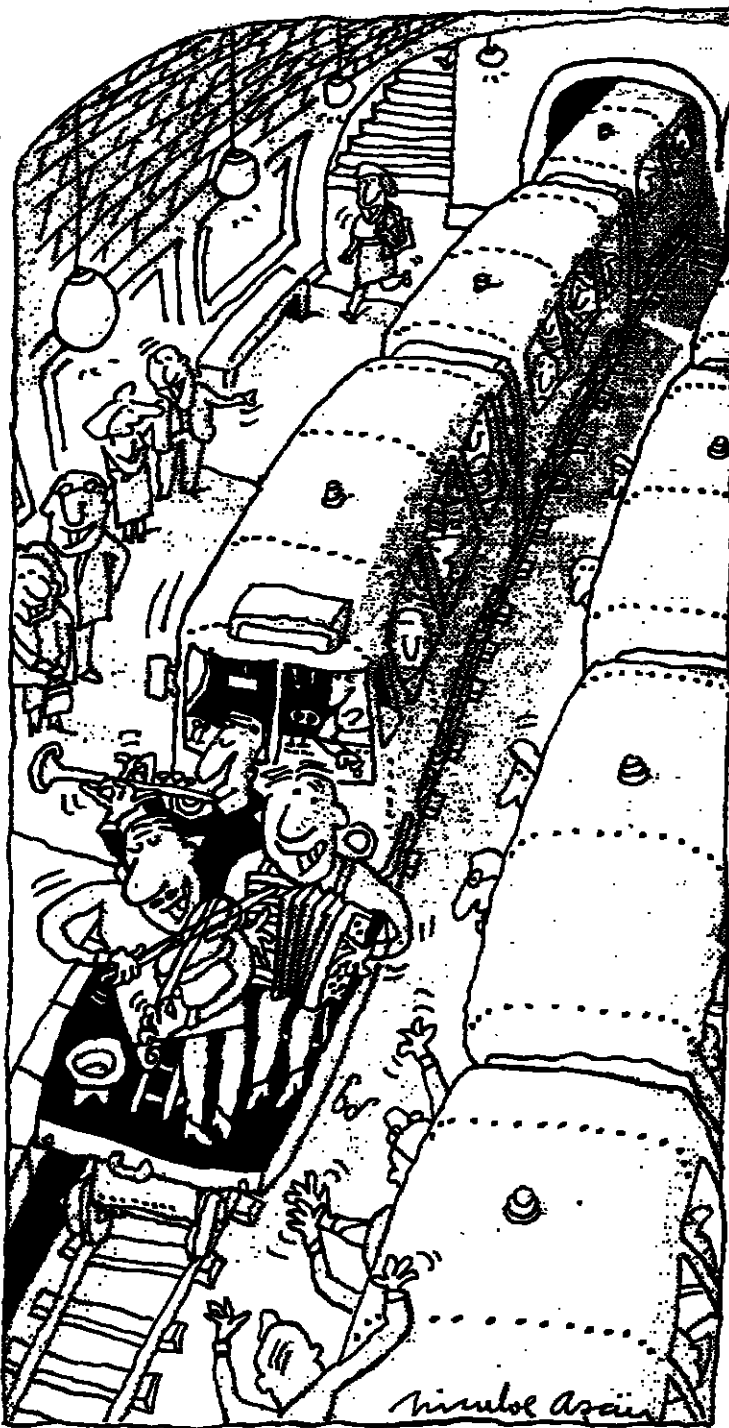
"They can't actually ask for money. We know perfectly well that some of them get money and even make a living from it but we cannot stop people from giving if they wish. We want everyone to be happy. If the traveler is happy and the musician is happy, we are happy. We are there to solve problems, not to create them."

There are about 300 badged musicians as well as a complement of intruders, usually, Nunes says, violinists from East European countries. "We don't want to be too hard on them because a lot of them don't have papers and we are not the police. We escort them out, knowing perfectly well they'll be back 15 minutes later."

The musicians are not allowed to play on subway platforms or in the trains, partly for security reasons (they might drown out warning whistles). "Studies show that 70 percent of the public are happy having musicians in the stations but 70 percent are against having them on the platforms or in subway cars. If you're in an open space you can avoid them if you like, in a car you are a prisoner. The network is big enough for everyone to find a place in corridors or near entrances."

Until the introduction of the badge musicians skirmished for the best stations. "With the badges they lose their anonymity and they know they'll lose their right to play if they engage in fistfights." That morning in the boutique some of the musicians who had dropped by for a free coffee were as mannerly and tidy as MBA candidates.

There are nearly 400 Metro stops, many of them bereft of musicians who head for the most touristic or commercial stations. The Number 1 Metro line is the most sought after. Nunes says they po-



sition themselves on their own according to the sort of music they play — at Aubert, a Metro stop near the Opera there might be classical music, while at Barbès, where the population is big, there might be drums or big.

Latin American music, Nunes found, goes down best. "Some kind of Rap doesn't seem to. Some kind of music I wouldn't like to hear in the Metro. I would gladly go to a Bruce Springsteen concert, but I wouldn't want to hear him in the Metro."

At the auditions there are usually about 150 applicants for 50 new places. "Obviously if we already have 150 accordeons we are likely to give a place to a harpist because we have only three." They also have three groups of a capella singers.

The encouragement of musicians is part of a longtime RATP effort to seem less police-and-uniform-oriented and to become what Nunes calls "plus cool." If the public's reaction has been positive, RATP personnel, Nunes says, are very mixed. "The person stuck in a ticket booth can't stand listening to it all day, the others find it gives the Metro a soul." The solution is a rule stating that musicians must move on if employees so request.

In time, Nunes imagines building special sites for musicians outside the stations. Unexpected bonuses from encouraging musicians while controlling them have been requests from the public for groups to play at private parties and invitations to appear at municipal fetes. The RATP had 20 groups at Metro stations during last year's midsummer night's annual Fete de la Musique and an album of RATP music has even been suggested. "I'm open to all ideas but I don't want to go too far, it's not my job," Nunes said.

"It started as a humanitarian scheme, then we saw it's not just a question of people in need but that there is also a real artistic potential."

In fact the whole thing could reach operatic proportions, but Nunes rather hopes not. "I have only one assistant. I don't want it to go too far, I don't really want to be an impresario," he said.

PEOPLE

A FILMMAKER who unsuccessfully assailed the makers of "Twister" for copyright infringement received a bill for about \$1.2 million from their lawyers. Lawyers for Michael Crichton, Steven Spielberg and other Hollywood heavyweights filed the bill in U.S. District Court in St. Louis, Missouri. They argued that the lawsuit brought by Stephen Kessler was unreasonable, if not frivolous. In his lawsuit, Kessler accused Crichton and Spielberg of stealing his screenplay, "Catch the Wind," to make "Twister." Both stories are about storm chasers. A jury rejected Kessler's claim, and he is seeking a new trial.

A Star for Miles Davis

The Associated Press

LOS ANGELES — Quincy Jones and Cicely Tyson joined more than 300 people to witness the unveiling of a Hollywood Walk of Fame star honoring the late jazz great Miles Davis.

Davis' star on Hollywood Boulevard lies between those honoring Stevie Wonder and Luis Miguel. Davis died in 1991.

vintage prints had been assembled by Eugene M. Schwartz, a writer, publisher and direct mail-order expert who died in 1995, and his wife, Barbara, avid collectors of contemporary art. Most of the photographs date from the 1950s through the '70s, and all bear the photographer's characteristic off-kilter, gently satiric, graceful style.

The Spanish movie heartthrob Antonio Banderas will make his debut as film director in April with "Crazy in Alabama," starring his wife, Melanie Griffith. Daily Variety said. The film is an adaptation of Mark Childress' novel of the same title.

Graca Machel, the former first lady of Mozambique, has been honored for her lifelong work with child victims of war by the Global Citizens Round Table, an organization of international activists for democracy.



ONCE IN A LIFETIME — Jack Lemmon, left, and Julie Andrews congratulating the director Robert Wise on receiving the American Film Institute's Life Achievement Award in Beverly Hills, California.



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